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# ESSAYS IN FABIAN SOCIALISM

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# ESSAYS IN FABIAN SOCIALISM. BY BERNARD SHAW

LONDON  
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LIMITED

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# THE ECONOMIC BASIS OF SOCIALISM



# THE ECONOMIC BASIS OF SOCIALISM

(*From Fabian Essays, 1889*)

ALL economic analyses begin with the cultivation of the earth. To the mind's eye of the astronomer the earth is a ball spinning in space without ulterior motives. To the bodily eye of the primitive cultivator it is a vast green plain, from which, by sticking a spade into it, wheat and other edible matters can be made to spring. To the eye of the sophisticated city man this vast green plain appears rather as a great gaming table, your chances in the game depending chiefly on the place where you deposit your stakes. To the economist, again, the green plain is a sort of burial place of hidden treasure, where all the forethought and industry of man are set at naught by the caprice of the power which hid the treasure. The wise and patient workman strikes his spade in here, and with heavy toil can discover nothing but a poor quality of barley, some potatoes, and plentiful nettles, with a few dock leaves to cure his stings. The foolish spendthrift on the other side of the hedge, gazing idly at the sand glittering in the sun, suddenly realizes that the earth is offering him gold—is dancing it before his listless eyes lest it should escape him. Another man, searching for some more of this tempting gold, comes upon a great hoard of coal, or taps a jet of petroleum. Thus is Man mocked by Earth his stepmother, and never knows as he tugs at her closed hand whether it contains diamonds or flints, good red wheat or a few clayey and blighted cabbages. Thus too he becomes a gambler, and scoffs at the theorists who prate of industry and honesty and equality. Yet against this fate he eternally rebels. For since in gambling the many must lose in order that the few may win; since dishonesty is mere shadow-grasping where everyone is dishonest; and since inequality is bitter to all except the highest, and miserably lonely for him, men come greatly to desire that these capricious gifts of Nature might be intercepted by some agency having the power and the goodwill to distribute them justly according to the labor done by each in the collective search for them. This desire is

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Socialism; and, as a means to its fulfilment, Socialists have devised communes, kingdoms, principalities, churches, manors, and finally, when all these had succumbed to the old gambling spirit, the Social Democratic State, which yet remains to be tried. As against Socialism, the gambling spirit urges man to allow no rival to come between his private individual powers and Stepmother Earth, but rather to secure some acres of her and take his chance of getting diamonds instead of cabbages. This is Private Property or Un-socialism. Our own choice is shewn by our continual aspiration to possess property, our common hailing of it as sacred, our setting apart of the word Respectable for those who have attained it, our ascription of pre-eminent religiousness to commandments forbidding its violation, and our identification of law and order among men with its protection. Therefore is it vital to a living knowledge of our society that Private Property should be known in every step of its progress from its source in cupidity to its end in confusion.

Let us, in the manner of the Political Economist, trace the effects of settling a country by private property with undisturbed law and order. Figure to yourself the vast green plain of a country virgin to the spade, awaiting the advent of man. Imagine then the arrival of the first colonist, the original Adam, developed by centuries of civilization into an Adam Smith, prospecting for a suitable patch of Private Property. Adam is, as Political Economy fundamentally assumes him to be, "on the make": therefore he drives his spade into, and sets up his stockade around, the most fertile and favorably situated patch he can find. When he has tilled it, Political Economy, inspired to prophecy by the spectacle, metaphorically exhibits Adam's little patch of cultivation as a pool that will yet rise and submerge the whole land. Let us not forget this trope: it is the key to the ever-recurring phrase "margin of cultivation," in which, as may now be perceived, there lurks a little unsuspected poetry. And truly the pool soon spreads. Other Adams come, all on the make, and therefore all sure to preempt patches as near as may be to the first Adam's, partly because he has chosen the best situation, partly for the pleasure of his

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society and conversation, and partly because where two men are assembled together there is a two-man power that is far more than double one-man power, being indeed in some instances a quite new force, totally destructive of the idiotic general hypothesis that society is no more than the sum of the units which compose it. These Adams, too, bring their Cains and Abels, who do not murder one another, but merely pre-empt adjacent patches. And so the pool rises, and the margin spreads more and more remote from the centre, until the pool becomes a lake, and the lake an inland sea.

### RENT

But in the course of this inundation the caprices of Nature begin to operate. That specially fertile region upon which Adam pitched is sooner or later all pre-empted; and there is nothing for the newcomer to pre-empt save soil of the second quality. Again, division of labor sets in among Adam's neighbours; and with it, of course, comes the establishment of a market for the exchange of the products of their divided labor. Now it is not well to be far afield from that market, because distance from it involves extra cost for roads, beasts of burden, time consumed in travelling thither and back again. All this will be saved to Adam at the centre of cultivation, and incurred by the newcomer at the margin of cultivation. Let us estimate the annual value of Adam's produce at £1000, and the annual produce of the newcomer's land on the margin of cultivation at £500, assuming that Adam and the newcomer are equally industrious. Here is a clear advantage of £500 a year to the first comer. This £500 is economic rent. It matters not at all that it is merely a difference of income and not an overt payment from a tenant to a landlord. The two men labor equally; and yet one gets £500 a year more than the other through the superior fertility of his land and convenience of its situation. The excess due to that fertility is rent; and before long we shall find it recognized as such and paid in the fashion with which we are familiar. For why should not Adam let his patch to the newcomer at a rent of £500 a year? Since the produce will be £1000, the

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newcomer will have £500 left for himself, or as much as he could obtain by cultivating a patch of his own at the margin; and it is pleasanter, besides, to be in the centre of society than on the outskirts of it. The newcomer will himself propose the arrangement; and Adam may retire as an idle landlord with a perpetual pension of £500 rent. The excess of fertility in Adam's land is thenceforth recognized as rent and paid, as it is today, regularly by a worker to a drone. A few samples of the way in which this simple and intelligible transaction is stated by our economists may now, I hope, be quoted without any danger of their proving so difficult as they appear in the textbooks from which I have copied them.

Stuart Mill<sup>1</sup> says that "the rent of land consists of the excess of its return above the return to the worst land in cultivation." Fawcett<sup>2</sup> says that "the rent of land represents the pecuniary value of the advantages which such land possesses over the worst land in cultivation." Professor Marshall<sup>3</sup> says that "the rent of a piece of land is the excess of its produce over the produce of an adjacent piece of land which would not be cultivated at all if rent were paid for it." Professor Sidgwick<sup>4</sup> cautiously puts it that "the normal rent *per acre* of any piece [of land] is the surplus of the value of its produce over the value of the net produce per acre of the least advantageous land that it is profitable to cultivate." General Walker<sup>5</sup> declares that "specifically, the rent of any piece of land is determined by the difference between its annual yield and that of the least productive land actually cultivated for the supply of the same market, it being assumed that the quality of the land as a productive agent is, in neither case, impaired or improved by such cultivation." All these definitions are offered by the authors as elaborations of that given by their master Ricardo,<sup>6</sup> who says, "Rent is

<sup>1</sup> *Principles of Political Economy*, vol. i. Index to chap. xvi. (1865).

<sup>2</sup> *Manual of Political Economy*, Book II. chap. iii. p. 116 (1876).

<sup>3</sup> *Economics of Industry*, Book II. chap. iii. sec. 3, p. 84 (1870).

<sup>4</sup> *Principles of Political Economy*, Book II. chap. vii. p. 301 (1883).

<sup>5</sup> *Brief Text Book of Political Economy*, chap. ii. sec. 216, p. 173 (1885).

<sup>6</sup> *Principles of Political Economy and Taxation*, chap. ii. p. 34 (1817).

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that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil."

### THE COUNTY FAMILY

Let us return to our ideal country. Adam is retiring from productive industry on £500 a year; and his neighbors are hastening to imitate him as fresh tenants present themselves. The first result is the beginning of a tradition that the oldest families in the country enjoy a superior position to the rest, and that the main advantage of their superior position is that they enjoy incomes without working. Nevertheless, since they still depend on their tenants' labor for their subsistence, they continue to pay Labor, with a capital L, a certain meed of mouth honor; and the resultant association of prosperity with idleness, and praise with industry, practically destroys morality by setting up that incompatibility between conduct and principle which is the secret of the ingrained cynicism of our own time, and which produces the curious Ricardian phenomenon of the man of business who goes on Sunday to the church with the regularity of the village blacksmith, there to renounce and abjure before his God the line of conduct which he intends to pursue with all his might during the following week.

According to our hypothesis, the inland sea of cultivation has now spread into the wilderness so far that at its margin the return to a man's labor for a year is only £500. But as there is always a flood tide in that sea, caused by the incessant increase of population, the margin will not stop there: it will at last encroach upon every acre of cultivable land, rising to the snow line on the mountains and falling to the coast of the actual salt water sea, but always reaching the barrenest places last of all, because the cultivators are still, as ever, on the make, and will not break bad land when better is to be had. But suppose that now, at last, the uttermost belt of free land is reached, and that upon it the yield to a man's year's labor is only £100. Clearly now the rent of Adam's primeval patch has risen to £900, since that is the excess of its produce over what is by this time all that is to be had rent free.

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But Adam has yielded up his land for £500 a year to a tenant. It is this tenant accordingly who now lets Adam's patch for £900 a year to the newcomer, who of course loses nothing by the bargain, since it leaves him the £100 a year with which he must be content anyhow. Accordingly he labors on Adam's land; raises £1000 a year from it; keeps £100 and pays £900 to Adam's tenant, who pays £500 to Adam, keeping £400 for himself, and thus also becoming an idle gentleman, though with a somewhat smaller income than the man of older family. It has, in fact, come to this, that the private property in Adam's land is divided between three men, the first doing none of the work and getting half the produce; the second doing none of the work and getting two-fifths of the produce; and the third doing all the work and getting one-tenth of the produce. Incidentally also, the moralist who is sure to have been prating somewhere about private property leading to the encouragement of industry, the establishment of a healthy incentive, and the distribution of wealth according to exertion, is exposed as a futile purblind person, starting *a priori* from blank ignorance, and proceeding deductively to mere contradiction and patent folly.

All this, however, is a mere trifle compared to the sequel. When the inland sea has risen to its confines—when there is nothing but a strip of sand round the coast between the furrow and the wave—when the very waves themselves are cultivated by fisherfolk—when the pastures and timber forests have touched the snow line—when, in short, the land is all private property, yet every man is a proprietor, though it may be only of a tenant right. He enjoys fixity of tenure at what is called a fair rent: that is, he fares as well as he could on land wholly his own. All the rent is economic rent: the landlord cannot raise it nor the tenant lower it: it is fixed naturally by the difference between the fertility of the land for which it is paid and that of the worst land in the country. Compared with the world as we know it, such a state of things is freedom and happiness.

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### THE PROLETARIAT

But at this point there appears in the land a man in a strange plight—one who wanders from snow line to sea coast in search of land, and finds none that is not the property of someone else. Private property had forgotten this man. On the roads he is a vagrant: off them he is a trespasser: he is the first disinherited son of Adam, the first Proletarian, one in whose seed all the generations of the earth shall yet be blest, but who is himself for the present foodless, homeless, shiftless, superfluous, and everything that turns a man into a tramp or a thrall. Yet he is still a man with brain and muscle, able to devise and execute, able to deal prudently with land if only he could get access to it. But how to get that access! Necessity is the mother of Invention. It may be that this second Adam, the first father of the great Proletariat, has one of those scarce brains which are not the least of Nature's capricious gifts. If the fertile field yields rent, why not the fertile brain? Here is the first Adam's patch still yielding its £1000 a year to the labor of the tenant who, as we have seen, has to pay £900 away in rent. How if the Proletarian were boldly to bid £1000 a year to that man for the property? Apparently the result would be the starvation of the Proletarian, since he would have to part with all the produce. But what if the Proletarian can contrive—invent—anticipate a new want—turn the land to some hitherto undreamt-of use—wrest £1500 a year from the soil and site that only yielded £1000 before? If he can do this, he can pay the full £1000 rent, and have an income of £500 left for himself. This is his profit—the rent of his ability—the excess of its produce over that of ordinary stupidity. Here then is the opportunity of the cunning Proletarian, the hero of that modern Plutarch, Mr Samuel Smiles. Truly, as Napoleon said, the career is open to the talented. But alas! the social question is no more a question of the fate of the talented than of the idiotic. In due replenishment of the earth there comes another Proletarian who is no cleverer than other men, and can do as much, but not more than they. For him there is no rent of ability. How then is he to get a tenant right? Let us

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see. It is certain that by this time not only will the new devices of the renter of ability have been copied by people incapable of inventing them; but division of labor, the use of tools and money, and the economies of civilization will have greatly increased man's power of extracting wealth from Nature. All this increase will be so much gain to the holder of a tenant right, since his rent is a fixed payment out of the produce of his holding, and the balance is his own. Therefore an addition to the produce not foreseen by the landlord enriches the tenant. So that it may well be that the produce of land on the margin of cultivation, which, as we have seen, fixes the produce left to the cultivators throughout the whole area, may rise considerably. Suppose the yield to have doubled; then our old friends who paid £900 rent and kept £100 for themselves, have now, though they still pay £900 rent, £1100 for themselves, the total produce having risen to £2000. Now here is an opportunity for our Proletarian who is not clever. He can very well offer to cultivate the land subject to a payment of, for instance, £1600 a year, leaving himself £400 a year. This will enable the last holder of the tenant right to retire as an idle gentleman receiving a net income of £700 a year, and a gross income of £1600, out of which he pays £900 a year rent to a landlord who again pays to the head landlord £500. But it is to be marked that this £700 a year net is not economic rent. It is not the difference between the best and the worst land. It has nothing to do with the margin of cultivation. It is a payment for the privilege of using land at all—for access to that which is now a close monopoly; and its amount is regulated, not by what the purchaser could do for himself on land of his own at the margin, but simply by the landholder's eagerness to be idle on the one hand, and the proletarian's need of subsistence on the other. In current economic terms the price is regulated by supply and demand. As the demand for land intensifies by the advent of fresh proletarians, the price goes up; and the bargains are made more stringent. Tenant rights, instead of being granted in perpetuity, and so securing for ever to the tenant the increase due to unforeseen improvements in production, are granted on leases for finite terms, at the ex-

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piration of which the landlord can revise the terms or eject the tenant. The payments rise until the original head rents and quit rents appear insignificant in comparison with the incomes reaped by the intermediate tenant right holders or middlemen. Sooner or later the price of tenant right will rise so high that the actual cultivator will get no more of the produce than suffices him for subsistence. At that point there is an end of sub-letting tenant rights. The land's absorption of the proletarians as tenants paying more than the economic rent stops.

And now, what is the next proletarian to do? For all his fore-runners we have found a way of escape: for him there seems none. The board is at the door, inscribed "Only standing room left"; and it might well bear the more poetic legend, *Lasciate ogni speranza, voi ch' entrate*. This man, born a proletarian, must die a proletarian, and leave his destitution as an only inheritance to his son. It is not yet clear that there is ten days' life in him; for whence is his subsistence to come if he cannot get at the land? Food he must have, and clothing; and both promptly. There is food in the market, and clothing also; but not for nothing: hard money must be paid for it, and paid on the nail too; for he who has no property gets no credit. Money then is a necessity of life; and money can only be procured by selling commodities. This presents no difficulty to the cultivators of the land, who can raise commodities by their labor; but the proletarian being landless, has neither commodities nor means of producing them. Sell something he must. Yet he has nothing to sell—except himself. The idea seems a desperate one; but it proves quite easy to carry out. The tenant cultivators of the land have not strength enough or time enough to exhaust the productive capacity of their holdings. If they could buy men in the market for less than these men's labor would add to the produce, then the purchase of such men would be a sheer gain. It would indeed be only a purchase in form: the men would literally cost nothing, since they would produce their own price, with a surplus for the buyer. Never in the history of buying and selling was there so splendid a bargain for buyers as this. Aladdin's uncle's offer of new lamps for old ones was in comparison a catch-

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penny. Accordingly, the proletarian no sooner offers himself for sale than he finds a rush of bidders for him, each striving to get the better of the others by offering to give him more and more of the produce of his labor, and to content themselves with less and less surplus. But even the highest bidder must have some surplus, or he will not buy. The proletarian, in accepting the highest bid, sells himself openly into bondage. He is not the first man who has done so; for it is evident that his forerunners, the purchasers of tenant right, had been enslaved by the proprietors who lived on the rents paid by them. But now all the disguise falls off: the proletarian renounces not only the fruit of his labor, but also his right to think for himself and to direct his industry as he pleases. The economic change is merely formal: the moral change is enormous. Soon the new direct traffic in men overspreads the whole market, and takes the place formerly held by the traffic in tenant rights. In order to understand the consequences, it is necessary to undertake an analysis of the exchange of commodities in general, since labor power is now in the market on the same footing as any other ware exposed there for sale.

### EXCHANGE VALUE

It is evident that the custom of exchange will arise in the first instance as soon as men give up providing each for his own needs by his own labor. A man who makes his own tables and chairs, his own poker and kettle, his own bread and butter, and his own house and clothes, is jack of all trades and master of none. He finds that he would get on much faster if he stuck to making tables and chairs, and exchanged them with the smith for a poker and kettle, with bakers and dairymen for bread and butter, and with builders and tailors for a house and clothes. In doing this, he finds that his tables and chairs are worth so much—that they have an exchange value, as it is called. As a matter of general convenience, some suitable commodity is set up to measure this value. We set up gold, which, in this particular use of it, is called money. The chairmaker finds how much money his chairs are worth, and ex-

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changes them for it. The blacksmith finds out how much money his pokers are worth, and exchanges them for it. Thus, by employing money as a go-between, chairmakers can get pokers in exchange for their chairs, and blacksmiths chairs for their pokers. This is the mechanism of exchange; and once the values of the commodities are ascertained it works simply enough. But it is a mere mechanism, and does not fix the values or explain them. And the attempt to discover what does fix them is beset with apparent contradictions which block up the right path, and with seductive coincidences which make the wrong seem the more promising.

The apparent contradictions soon shew themselves. It is evident that the exchange value of anything depends on its utility, since no mortal exertion can make a useless thing exchangeable. And yet fresh air and sunlight, which are so useful as to be quite indispensable, have no exchange value; whilst a meteoric stone, shot free of charge from the firmament into the back garden, has a considerable exchange value, although it is an eminently dispensable curiosity. We soon find that this somehow depends on the fact that fresh air is plenty and meteoric stones scarce. If by any means the supply of fresh air could be steadily diminished, and the supply of meteoric stones, by celestial cannonade or otherwise, steadily increased, the fresh air would presently acquire an exchange value which would gradually rise, whilst the exchange value of meteoric stones would gradually fall, until at last fresh air would be supplied through a meter and charged for like gas, and meteoric stones would be as unsaleable as ordinary pebbles. The exchange value, in fact, decreases with the supply. This is due to the fact that the supply decreases in utility as it goes on, because when people have had some of a commodity, they are partly satisfied, and do not value the rest so much. The usefulness of a pound of bread to a man depends on whether he has already eaten some. Every man wants a certain number of pounds of bread per week: no man wants much more; and if more is offered he will not give much for it—perhaps not anything. One umbrella is very useful: a second umbrella is a luxury: a third is mere lumber.

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Similarly, the curators of our museums want a moderate collection of meteoric stones; but they do not want a cartload apiece of them. Now the exchange value is fixed by the utility, not of the most useful, but of the least useful part of the stock. Why this is so can readily be made obvious by an illustration. If the stock of umbrellas in the market were sufficiently large to provide two for each umbrella carrier in the community, then, since a second umbrella is not so useful as the first, the doctrinaire course would be to ticket half the umbrellas at, say, fifteen shillings, and the other half at eight and sixpence. Unfortunately, no man will give fifteen shillings for an article which he can get for eight and sixpence; and when the public came to buy, they would buy up all the eight and sixpenny umbrellas. Each person being thus supplied with an umbrella, the remainder of the stock, though marked fifteen shillings, would be in the position of second umbrellas, only worth eight and sixpence. This is how the exchange value of the least useful part of the supply fixes the exchange value of all the rest. Technically, it occurs by "the law of indifference." And since the least useful unit of the supply is generally that which is last produced, its utility is called the final utility of the commodity. The utility of the first or most useful unit is called the total utility of the commodity. If there were but one umbrella in the world, the exchange value of its total utility would be what the most delicate person would pay for it on a very wet day sooner than go without it. But practically, thanks to the law of indifference, the most delicate person pays no more than the most robust: that is, both pay alike the exchange value of the utility of the last umbrella produced—or of the final utility of the whole stock of umbrellas. These terms—law of indifference, total utility, and final utility—though admirably expressive and intelligible when you know beforehand exactly what they mean, are, taken by themselves, failures in point of lucidity and suggestiveness. Some economists, transferring from cultivation to utility our old metaphor of the spreading pool, call final utility "marginal utility." Either will serve our present purpose, as I do not intend to use the terms again. The main point to be grasped is, that however useful any commodity

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may be, its exchange value can be run down to nothing by increasing the supply until there is more of it than is wanted. The excess being useless and valueless, is to be had for nothing; and nobody will pay anything for a commodity as long as plenty of it is to be had for nothing. This is why air and other indispensable things have no exchange value, whilst scarce gewgaws fetch immense prices.

These, then, are the conditions which confront man as a producer and exchanger. If he produces a useless thing, his labor will be wholly in vain: he will get nothing for it. If he produces a useful thing, the price he will get for it will depend on how much of it there is for sale already. If he increases the supply by producing more than is sufficient to replace the current consumption, he inevitably lowers the value of the whole. It therefore behoves him to be wary in choosing his occupation as well as industrious in pursuing it. His choice will naturally fall on the production of those commodities whose value stands highest relatively to the labor required to produce them—which fetch the highest price in proportion to their cost, in fact. Suppose, for example, that a maker of musical instruments found that it cost him exactly as much to make a harp as to make a pianoforte, but that harps were going out of fashion and pianofortes coming in. Soon there would be more harps than were wanted, and fewer pianofortes: consequently the value of harps would fall, and that of pianofortes rise. Since the labor cost of both would be the same, he would immediately devote all his labor to pianoforte making; and other manufacturers would do the same, until the increase of supply brought down the value of pianofortes to the value of harps. Possibly fashion then might veer from pianofortes to American organs, in which case he would make less pianofortes and more American organs. When these, too, had increased sufficiently, the exertions of the Salvation Army might create such a demand for tambourines as to make them worth four times their cost of production, whereupon there would instantly be a furious concentration of the instrument-making energy on the manufacture of tambourines; and this concentration would last until the supply

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had brought down the profit<sup>1</sup> to less than might be gained by gratifying the public craving for trombones. At last, as pianofortes were cheapened until they were no more profitable than harps; then American organs until they were no more profitable than pianos; and then tambourines until they were level with American organs; so eventually trombones will pay no better than tambourines; and a general level of profit will be attained, indicating the proportion in which the instruments are wanted by the public. But to skim off even this level of profit, more of the instruments may be produced in the ascertained proportion until their prices fall to their costs of production, when there will be no profit. Here the production will be decisively checked, since a further supply would cause only a loss; and men can lose money, without the trouble of producing commodities, by the simple process of throwing it out of window.

What occurred with the musical instruments in this illustration occurs in practice with the whole mass of manufactured commodities. Those which are scarce, and therefore relatively high in value, tempt us to produce them until the increase of the supply reduces their value to a point at which there is no more profit to be made out of them than out of other commodities. The general level of profit thus attained is further exploited until the general increase brings down the price of all commodities to their cost of production, the equivalent of which is sometimes called their normal value. And here a glance back to our analysis of the spread of cultivation, and its result in the phenomenon of rent, suggests the question: What does the cost of production of a commodity mean? We have seen that, owing to the differences in fertility and advantage of situation between one piece of land and another, cost of production varies from district to district, being highest at the margin of cultivation. But we have also seen how the landlord skims off as economic rent all the advantage gained by the cultivators of superior soils and sites. Consequently, the addition of the landlord's rent to the expenses of production brings them

<sup>1</sup> Profit is here used colloquially to denote the excess of the value of an article over its cost.

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up even on the best land to the level of those incurred on the worst. Cost of production, then, means cost of production on the margin of cultivation, and is equalized to all producers, since what they may save in labor per commodity is counterbalanced by the greater mass of commodities they must produce in order to bring in the rent. It is only by a thorough grasp of this levelling-down action that we can detect the trick by which the ordinary economist tries to cheat us into accepting the private property system as practically just. He first shews that economic rent does not enter into cost of production on the margin of cultivation. Then he shews that the cost of production on the margin of cultivation determines the price of a commodity. Therefore, he argues, first, that rent does not enter into price; and second, that the value of commodities is fixed by their cost of production, the implication being that the landlords cost the community nothing, and that commodities exchange in exact proportion to the labor they cost. This trivially ingenious way of being disingenuous is officially taught as political economy in our schools to this day. It will be seen at once that it is mere thimblerig. So far from commodities exchanging, or tending to exchange, according to the labor expended in their production, commodities produced well within the margin of cultivation will fetch as high a price as commodities produced at the margin with much greater labor. So far from the landlord costing nothing, he costs all the difference between the two.

This, however, is not the goal of our analysis of value. We now see how Man's control over the value of commodities consists solely in his power of regulating their supply. Individuals are constantly trying to decrease supply for their own advantage. Gigantic conspiracies have been entered into to forestall the world's wheat and cotton harvests, so as to force their value to the highest possible point. Cargoes of East Indian spices have been destroyed by the Dutch, as cargoes of fish are now destroyed in the Thames, to maintain prices by limiting supply. All rings, trusts, corners, combinations, monopolies, and trade secrets have the same object. Production and the development of the social

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instincts are alike hindered by each man's consciousness that the more he stints the community the more he benefits himself, the justification, of course, being that when every man has benefited himself at the expense of the community, the community will benefit by every man in it being benefited. From one thing the community is safe. There will be no permanent conspiracies to reduce values by increasing supply. All men will cease producing when the value of their product falls below its cost of production, whether in labor or in labor *plus* rent. No man will keep on producing bread until it will fetch nothing, like the sunlight, or until it becomes a nuisance, like the rain in the summer of 1888. So far, our minds are at ease as to the excessive increase of commodities voluntarily produced by the labor of man.

### WAGES

I now ask you to pick up the dropped subject of the spread of cultivation. We had got as far as the appearance in the market of a new commodity—of the proletarian man compelled to live by the sale of himself! In order to realize at once the latent horror of this, you have only to apply our investigation of value, with its inevitable law that only by restricting the supply of a commodity can its value be kept from descending finally to zero. The commodity which the proletarian sells is one over the production of which he has practically no control. He is himself driven to produce it by an irresistible impulse. It was the increase of population that spread cultivation and civilization from the centre to the snowline, and at last forced men to sell themselves to the lords of the soil: it is the same force that continues to multiply men so that their exchange value falls slowly and surely until it disappears altogether—until even black chattel slaves are released as not worth keeping in a land where men of all colors are to be had for nothing. This is the condition of our English laborers today: they are no longer even dirt cheap: they are valueless, and can be had for nothing. The proof is the existence of the unemployed, who can find no purchasers. By the law of indifference, nobody will

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buy men at a price when he can obtain equally serviceable men for nothing. What then is the explanation of the wages given to those who are in employment, and who certainly do not work for nothing? The matter is deplorably simple. Suppose that horses multiplied in England in such quantities that they were to be had for the asking, like kittens condemned to the bucket. You would still have to feed your horse—feed him and lodge him well if you used him as a smart hunter—feed him and lodge him wretchedly if you used him only as a drudge. But the cost of keeping would not mean that the horse had an exchange value. If you got him for nothing in the first instance—if no one would give you anything for him when you were done with him, he would be worth nothing, in spite of the cost of his keep. That is just the case of every member of the proletariat who could be replaced by one of the unemployed today. Their wage is not the price of themselves; for they are worth nothing: it is only their keep. For bare subsistence wages you can get as much common labor as you want, and do what you please with it within the limits of a criminal code which is sure to be interpreted by a proprietary-class judge in your favor. If you have to give your footman a better allowance than your wretched hewer of match-wood, it is for the same reason that you have to give your hunter beans and a clean stall instead of chopped straw and a sty.<sup>1</sup>

## CAPITALISM

At this stage the acquisition of labor becomes a mere question of provender. If a railway is required, all that is necessary is to provide subsistence for a sufficient number of laborers to construct it. If, for example, the railway requires the labor of a thousand men for five years, the cost to the proprietors of the site is

<sup>1</sup> When one of the conditions of earning a wage is the keeping up of a certain state, subsistence wages may reach a figure to which the term seems ludicrously inappropriate. For example, a fashionable physician in London cannot save out of £1000 a year; and the post of Lord-Lieutenant of Ireland can only be filled by a man who brings considerable private means to the aid of his official salary of £20,000.

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the subsistence of a thousand men for five years. This subsistence is technically called capital. It is provided for by the proprietors not consuming the whole excess over wages of the produce of the labor of their other wage workers, but setting aside enough for the subsistence of the railway makers. In this way capital can claim to be the result of saving, or, as one ingenious apologist neatly put it, the reward of abstinence, a gleam of humor which still enlivens treatises on capital. The savers, it need hardly be said, are those who have more money than they want to spend: the abstainers are those who have less. At the end of the five years, the completed railway is the property of the capitalists; and the railway makers fall back into the labor market as helpless as they were before. Sometimes the proprietors call the completed railway their capital; but, strictly, this is only a figure of speech. Capital is simply spare subsistence. Its market value, indicated by the current rate of interest, falls with the increase of population, whereas the market value of established stock rises with it.<sup>1</sup> If Mr Goschen, encouraged by his success in reducing Consols, were to ask the proprietors of the London and North-Western Railway to accept as full compensation for their complete expropriation capital just sufficient to make the railway anew, their amazement at his audacity would at once make him feel the difference between a railway and capital. Colloquially, one property with a farm on it is said to be land yielding rent; whilst another, with a railway on it, is called capital yielding interest. But economically there is no distinction between them when they once become sources of revenue. This would be quite clearly seen if costly enterprises like railways could be undertaken by a single landlord on his own land out of his own surplus wealth. It is the necessity of combining a number of possessors of surplus wealth, and devising a financial machinery for apportioning their shares in the

<sup>1</sup> The current rate must, under present conditions, eventually fall to zero, and even become "negative." By that time shares which now bring in a dividend of 100 per cent may very possibly bring in 200 or more. Yet the fall of the rate has been mistaken for a tendency of interest to disappear. It really indicates a tendency of interest to increase.

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produce to their shares in the capital contributed, that modified the terminology and external aspect of the exploitation. But the modification is not an alteration: shareholder and landlord live alike on the produce extracted from their property by the labor of the proletariat.

### “OVERPOPULATION”

The introduction of the capitalistic system is a sign that the exploitation of the laborer toiling for a bare subsistence wage has become one of the chief arts of life among the holders of tenant rights. It also produces a delusive promise of endless employment which blinds the proletariat to those disastrous consequences of rapid multiplication which are obvious to the small cultivator and peasant proprietor. But indeed the more you degrade the workers, robbing them of all artistic enjoyment, and all chance of respect and admiration from their fellows, the more you throw them back, reckless, on the one pleasure and the one human tie left to them—the gratification of their instinct for producing fresh supplies of men. You will applaud this instinct as divine until at last the excessive supply becomes a nuisance: there comes a plague of men; and you suddenly discover that the instinct is diabolic, and set up a cry of “overpopulation.” But your slaves are beyond caring for your cries: they breed like rabbits; and their poverty breeds filth, ugliness, dishonesty, disease, obscenity, drunkenness, and murder. In the midst of the riches which their labor piles up for you, their misery rises up too and stifles you. You withdraw in disgust to the other end of the town from them; you appoint special carriages on your railways and special seats in your churches and theatres for them; you set your life apart from theirs by every class barrier you can devise; and yet they swarm about you still: your face gets stamped with your habitual loathing and suspicion of them: your ears get so filled with the language of the vilest of them that you break into it when you lose your self-control: they poison your life as remorselessly as you have sacrificed theirs heartlessly. You begin to believe intensely in the devil. Then comes the terror of their revolting; the

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drilling and arming of bodies of them to keep down the rest; the prison, the hospital, paroxysms of frantic coercion, followed by paroxysms of frantic charity. And in the meantime, the population continues to increase!

### "ILLTH"

It is sometimes said that during this grotesquely hideous march of civilization from bad to worse, wealth is increasing side by side with misery. Such a thing is eternally impossible: wealth is steadily decreasing with the spread of poverty. But riches are increasing, which is quite another thing. The total of the exchange values produced in the country annually is mounting perhaps by leaps and bounds. But the accumulation of riches, and consequently of an excessive purchasing power, in the hands of a class, soon satiates that class with socially useful wealth, and sets them offering a price for luxuries. The moment a price is to be had for a luxury, it acquires exchange value, and labor is employed to produce it. A New York lady, for instance, having a nature of exquisite sensibility, orders an elegant rosewood and silver coffin, upholstered in pink satin, for her dead dog. It is made; and meanwhile a live child is prowling barefooted and hunger-stunted in the frozen gutter outside. The exchange value of the coffin is counted as part of the national wealth; but a nation which cannot afford food and clothing for its children cannot be allowed to pass as wealthy because it has provided a pretty coffin for a dead dog. Exchange value itself, in fact, has become bedevilled like everything else, and represents, no longer utility, but the cravings of lust, folly, vanity, gluttony, and madness, technically described by genteel economists as "effective demand." Luxuries are not social wealth: the machinery for producing them is not social wealth: labor skilled only to manufacture them is not socially useful labor: the men, women, and children who make a living by producing them are no more self-supporting than the idle rich for whose amusement they are kept at work. It is the habit of counting as wealth the exchange values involved in these transactions that makes us fancy that the poor are starving in the midst

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of plenty. They are starving in the midst of plenty of jewels, velvets, laces, equipages, and racehorses; but not in the midst of plenty of food. In the things that are wanted for the welfare of the people we are abjectly poor; and England's social policy today may be likened to the domestic policy of those adventuresses who leave their children half-clothed and half-fed in order to keep a carriage and deal with a fashionable dressmaker. But it is quite true that whilst wealth and welfare are decreasing, productive power is increasing; and nothing but the perversion of this power to the production of socially useless commodities prevents the apparent wealth from becoming real. The purchasing power that commands luxuries in the hands of the rich would command true wealth in the hands of all. Yet private property must still heap the purchasing power upon the few rich and withdraw it from the many poor. So that, in the end, the subject of the one boast that private property can make—the great accumulation of so-called "wealth" which it points so proudly to as the result of its power to scourge men and women daily to prolonged and intense toil—turns out to be a simulacrum. With all its energy, its Smilesian "self-help," its merchant-princely enterprise, its ferocious sweating and slave-driving, its prodigality of blood, sweat and tears, what has it heaped up, over and above the pittance of its slaves? Only a monstrous pile of frippery, some tainted class literature and class art, and not a little poison and mischief.

This, then, is the economic analysis which convicts Private Property of being unjust even from the beginning, and utterly impossible as a final solution of even the individualist aspect of the problem of adjusting the share of the worker in the distribution of wealth to the labor incurred by him in its production. All attempts yet made to construct true societies upon it have failed: the nearest things to societies so achieved have been civilizations, which have rotted into centres of vice and luxury, and eventually been swept away by uncivilized races. That our own civilization is already in an advanced stage of rottenness may be taken as statistically proved. That further decay instead of improvement

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must ensue if the institution of private property be maintained, is economically certain. Fortunately, private property in its integrity is not now practicable. Although the safety valve of emigration has been furiously at work during this century, yet the pressure of population has forced us to begin the restitution to the people of the sums taken from them for the ground landlords, holders of tenant right, and capitalists, by the imposition of an income tax, and by compelling them to establish out of their revenues a national system of education, besides imposing restrictions—as yet only of the forcible-feeble sort—on their terrible power of abusing the wage contract. These, however, are dealt with by Mr Sidney Webb in the historic essay which follows. I should not touch upon them at all, were it not that experience has lately convinced all economists that no exercise in abstract economics, however closely deduced, is to be trusted unless it can be experimentally verified by tracing its expression in history. It is true that the process which I have presented as a direct development of private property between free exchangers had to work itself out in the Old World indirectly and tortuously through a struggle with political and religious institutions and survivals quite antagonistic to it. It is true that cultivation did not begin in Western Europe with the solitary emigrant preempting his private property, but with the tribal communes in which arose subsequently the assertion of the right of the individual to private judgment and private action against the tyranny of primitive society. It is true that cultivation has not proceeded by logical steps from good land to less good; from less good to bad; and from bad to worse: the exploration of new countries and new regions, and the discovery of new uses for old products, has often made the margin of cultivation more fruitful than the centre, and, for the moment (whilst the centre was shifting to the margin), turned the whole movement of rent and wages directly counter to the economic theory. Nor is it true that, taking the world as one country, cultivation has yet spread from the snowline to the water's edge. There is free land still for the poorest East End match-box maker if she could get there, reclaim the

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wilderness there, speak the language there, stand the climate there, and be fed, clothed, and housed there whilst she cleared her farm; learned how to cultivate it; and waited for the harvest. Economists have been ingenious enough to prove that this alternative really secures her independence; but I shall not waste time in dealing with that. Practically, if there is no free land in England, the economic analysis holds good of England, in spite of Siberia, Central Africa, and the Wild West. Again, it is not immediately true that men are governed in production solely by a determination to realize the maximum of exchange value. The impulse to production often takes specific direction in the first instance; and a man will insist on producing pictures or plays although he might gain more money by producing boots or bonnets. But, his specific impulse once gratified, he will make as much money as he can. He will sell his picture or play for a hundred pounds rather than for fifty. In short, though there is no such person as the celebrated "economic man," man being wilful rather than rational, yet when the wilful man has had his way he will take what else he can get; and so he always does appear, finally if not primarily, as the economic man. On the whole, history, even in the Old World, goes the way traced by the economist. In the New World the correspondence is exact. The United States and the Colonies have been peopled by fugitives from the full-blown individualism of Western Europe, pre-empting private property precisely as assumed in this investigation of the conditions of cultivation. The economic relations of these cultivators have not since put on any of the old political disguises. Yet among them, in confirmation of the validity of our analysis, we see all the evils of our old civilizations growing up; and though with them the end is not yet, still it is from them to us that the great recent revival of the cry for nationalization of the land has come, articulated by a man who had seen the whole tragedy of private property hurried through its acts with unprecedented speed in the mushroom cities of America.

On Socialism the analysis of the economic action of Individualism bears as a discovery, in the private appropriation of land, of

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the source of those unjust privileges against which Socialism is aimed. It is practically a demonstration that public property in land is the basic economic condition of Socialism. But this does not involve at present a literal restoration of the land to the people. The land is at present in the hands of the people: its proprietors are for the most part absentees. The modern form of private property is simply a legal claim to take a share of the produce of the national industry year by year without working for it. It refers to no special part or form of that produce; and in process of consumption its revenue cannot be distinguished from earnings, so that the majority of persons, accustomed to call the commodities which form the income of the proprietor his private property, and seeing no difference between them and the commodities which form the income of a worker, extend the term private property to the worker's subsistence also, and can only conceive an attack on private property as an attempt to empower everybody to rob everybody else all round. But the income of a private proprietor can be distinguished by the fact that he obtains it unconditionally and gratuitously by private right against the public weal, which is incompatible with the existence of consumers who do not produce. Socialism involves discontinuance of the payment of these incomes, and addition of the wealth so saved to incomes derived from labor. As we have seen, incomes derived from private property consist partly of economic rent; partly of pensions, also called rent, obtained by the sub-letting of tenant rights; and partly of a form of rent called interest, obtained by special adaptations of land to production by the application of capital: all these being finally paid out of the difference between the produce of the worker's labor and the price of that labor sold in the open market for wages, salary, fees, or profits.<sup>1</sup> The whole, except economic rent, can be added directly to the incomes of the workers by simply discontinuing its exaction from them. Economic rent, arising as it does from variations of fertility or advan-

<sup>1</sup> This excess of the product of labor over its price is treated as a single category with impressive effect by Karl Marx, who called it "surplus value" (*mehrwerth*).

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tages of situation, must always be held as common or social wealth, and used, as the revenues raised by taxation are now used, for public purposes, among which Socialism would make national insurance and the provision of capital matters of the first importance.

The economic problem of Socialism is thus solved; and the political question of how the economic solution is to be practically applied does not come within the scope of this essay. But if we have got as far as an intellectual conviction that the source of our social misery is no eternal well-spring of confusion and evil, but only an artificial system susceptible of almost infinite modification and readjustment—nay, of practical demolition and substitution at the will of Man—then a terrible weight will be lifted from the minds of all except those who are, whether avowedly to themselves or not, clinging to the present state of things from base motives. We have had in this century a stern series of lessons on the folly of believing anything for no better reason than that it is pleasant to believe it. It was pleasant to look round with a consciousness of possessing a thousand a year, and say, with Browning's David, "All's love; and all's law." It was pleasant to believe that the chance we were too lazy to take in this world would come back to us in another. It was pleasant to believe that a benevolent hand was guiding the steps of society; overruling all evil appearances for good; and making poverty here the earnest of a great blessedness and reward hereafter. It was pleasant to lose the sense of worldly inequality in the contemplation of our equality before God. But utilitarian questioning and scientific answering turned all this tranquil optimism into the blackest pessimism. Nature was shewn to us as "red in tooth and claw": if the guiding hand were indeed benevolent, then it could not be omnipotent; so that our trust in it was broken: if it were omnipotent, it could not be benevolent; so that our love of it turned to fear and hatred. We had never admitted that the other world, which was to compensate for the sorrows of this, was open to horses and apes (though we had not on that account been any the more merciful to our horses); and now came Science to shew

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us the corner of the pointed ear of the horse on our own heads, and present the ape to us as our blood relation. No proof came of the existence of that other world and that benevolent power to which we had left the remedy of the atrocious wrongs of the poor; proof after proof came that what we called Nature knew and cared no more about our pains and pleasures than we know or care about the tiny creatures we crush underfoot as we walk through the fields. Instead of at once perceiving that this meant no more than that Nature was unmoral and indifferent, we relapsed into a gross form of devil worship, and conceived Nature as a remorselessly malignant power. This was no better than the old optimism, and infinitely gloomier. It kept our eyes still shut to the truth that there is no cruelty and selfishness outside Man himself; and that his own active benevolence can combat and vanquish both. When the Socialist came forward as a meliorist on these lines, the old school of political economists, who could see no alternative to private property, put forward in proof of the powerlessness of benevolent action to arrest the deadly automatic production of poverty by the increase of population, the very analysis I have just presented. Their conclusions exactly fitted in with the new ideas. It was Nature at it again—the struggle for existence—the remorseless extirpation of the weak—the survival of the fittest—in short, natural selection at work. Socialism seemed too good to be true: it was passed by as merely the old optimism foolishly running its head against the stone wall of modern science. But Socialism now challenges individualism, scepticism, pessimism, worship of Nature personified as a devil, on their own ground of science. The science of the production and distribution of wealth is Political Economy. Socialism appeals to that science, and, turning on Individualism its own guns, routs it in incurable disaster. Henceforth the bitter cynic who still finds the world an eternal and unimprovable doghole, with the placid person of means who repeats the familiar misquotation, “the poor ye shall have always with you,” lose their usurped place among the cultured, and pass over to the ranks of the ignorant, the shallow, and the superstitious. As for the rest of us, since we were taught to

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revere proprietary respectability in our unfortunate childhood, and since we found our childish hearts so hard and unregenerate that they secretly hated and rebelled against respectability in spite of that teaching, it is impossible to express the relief with which we discover that our hearts were all along right, and that the current respectability of today is nothing but a huge inversion of righteous and scientific social order weltering in dishonesty, uselessness, selfishness, wanton misery, and idiotic waste of magnificent opportunities for noble and happy living. It was terrible to feel this, and yet to fear that it could not be helped—that the poor must starve and make you ashamed of your dinner—that they must shiver and make you ashamed of your warm overcoat. It is to economic science—once the Dismal, now the Hopeful—that we are indebted for the discovery that though the evil is enormously worse than we knew, yet it is not eternal—not even very long lived, if we only bestir ourselves to make an end of it.



# THE TRANSITION TO SOCIAL DEMOCRACY



## THE TRANSITION TO SOCIAL DEMOCRACY<sup>1</sup>

WHEN the British Association honored me by an invitation to take part in its proceedings, I proposed to do so by reading a paper entitled *Finishing* the Transition to Social Democracy. The word "finishing" has been, on consideration, dropped. In modern use it has gathered a certain sudden and sinister sense which I desire carefully to dissociate from the process to be described. I suggested it in the first instance only to convey in the shortest way that we are in the middle of the transition instead of shrinking from the beginning of it; and that I propose to deal with the part of it that lies before us rather than that which we have already accomplished. Therefore, though I shall begin at the beginning, I shall make no apology for traversing centuries by leaps and bounds at the risk of sacrificing the dignity of history to the necessity for coming to the point as soon as possible.

Briefly, then, let us commence by glancing at the Middle Ages. There you find, theoretically, a much more orderly England than the England of today. Agriculture is organized on an intelligible and consistent system in the feudal manor or commune: handicraft is ordered by the gilds of the towns. Every man has his class, and every class its duties. Payments and privileges are fixed by law and custom, sanctioned by the moral sense of the community, and revised by the light of that moral sense whenever the operation of supply and demand disturbs their adjustment. Liberty and Equality are unheard of; but so is Free Competition. The law does not suffer a laborer's wife to wear a silver girdle: neither does it force her to work sixteen hours a day for the value of a modern shilling. Nobody entertains the idea that the individual has any right to trade as he pleases without reference to the rest. When the townsfolk, for instance, form a market, they quite understand that

<sup>1</sup> An address delivered on the 7th September 1888 to the Economic Section of the British Association at Bath.

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they have not taken that trouble in order to enable speculators to make money. If they catch a man buying goods solely in order to sell them a few hours later at a higher price, they treat that man as a rascal; and he never, as far as I have been able to ascertain, ventures to plead that it is socially beneficent, and indeed a pious duty, to buy in the cheapest market and sell in the dearest. If he did, they would probably burn him alive, not altogether inexcusably. As to Protection, it comes naturally to them.

This Social Order, relics of which are still to be found in all directions, did not collapse because it was unjust or absurd. It was burst by the growth of the social organism. Its machinery was too primitive, and its administration too naïve, too personal, too meddlesome to cope with anything more complex than a group of industrially independent communes, centralized very loosely, if at all, for purely political purposes. Industrial relations with other countries were beyond its comprehension. Its grasp of the obligations of interparochial morality was none of the surest: of international morality it had no notion. A Frenchman or a Scotchman was a natural enemy: a Muscovite was a foreign devil: the relationship of a negro to the human race was far more distant than that of a gorilla is now admitted to be. Thus, when the discovery of the New World began that economic revolution which changed every manufacturing town into a mere booth in the world's fair, and quite altered the immediate objects and views of producers, English adventurers took to the sea in a frame of mind peculiarly favorable to commercial success. They were unaffectedly pious, and had the force of character which is only possible to men who are founded on convictions. At the same time, they regarded piracy as a brave and patriotic pursuit, and the slave trade as a perfectly honest branch of commerce, adventurous enough to be consistent with the honor of a gentleman, and lucrative enough to make it well worth the risk. When they stole the cargo of a foreign ship, or made a heavy profit on a batch of slaves, they regarded their success as a direct proof of divine protection. The owners of accumulated wealth hastened to "venture" their capital with these men. Persons of all the richer degrees,

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from Queen Elizabeth downward, took shares in the voyages of the merchant adventurers. The returns justified their boldness; and the foundation of the industrial greatness and the industrial shame of the eighteenth and nineteenth centuries was laid: modern Capitalism thus arising in enterprises for which men are now, by civilized nations, hung or shot as human vermin. And it is curious to see still, in the commercial adventurers of our own time, the same incongruous combination of piety and rectitude with the most unscrupulous and revolting villainy. We all know the merchant princes whose enterprise, whose steady perseverance, whose high personal honor, blameless family relations, large charities, and liberal endowment of public institutions, mark them out as very pillars of society; and who are nevertheless grinding their wealth out of the labor of women and children with such murderous rapacity that they have to hand over the poorest of their victims to sweepers whose sole special function is the evasion of the Factory Acts. They have, in fact, no more sense of social solidarity with the wage-workers than Drake had with the Spaniards or negroes.

With the rise of foreign trade and Capitalism, industry so far outgrew the control, not merely of the individual, but of the village, the gild, the municipality, and even the central government, that it seemed as if all attempt at regulation must be abandoned. Every law made for the better ordering of business either did not work at all, or worked only as a monopoly enforced by exasperating official meddling, directly injuring the general interest, and reacting disastrously on the particular interest it was intended to protect. The laws, too, had ceased to be even honestly intended, owing to the seizure of political power by the capitalist classes, which had been prodigiously enriched by the operation of economic laws which were not then understood.<sup>1</sup> Matters reached a position in which legislation and regulation were so mischievous and corrupt, that anarchy became the ideal of all progressive thinkers and practical men. The intellectual revolt formally inaugurated by the Reformation was reinforced in the eighteenth

<sup>1</sup> Explained in the first essay in this volume.

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century by the great industrial revolution which began with the utilization of steam and the invention of the spinning jenny. Then came chaos. The feudal system became an absurdity when its basis of communism with inequality of condition had changed into private property with free contract and competition rents. The gild system had no machinery for dealing with division of labor, the factory system, or international trade: it recognized in competitive individualism only something to be repressed as diabolical. But competitive individualism simply took possession of the gilds, and turned them into refectories for aldermen, and notable additions to the grievances and laughing stocks of posterity.

The desperate effort of the human intellect to unravel this tangle of industrial anarchy brought modern political economy into existence. It took shape in France, where the confusion was thrice confounded; and proved itself a more practical department of philosophy than the metaphysics of the schoolmen, the Utopian socialism of More, or the sociology of Hobbes. It could trace its ancestry to Aristotle; but just then the human intellect was rather tired of Aristotle, whose economics, besides, were those of slave-holding republics. Political economy soon declared for industrial anarchy; for private property; for individual recklessness of everything except individual accumulation of riches; and for the abolition of all the functions of the State except those of putting down violent conduct and invasions of private property. It might have echoed Jack Cade's exclamation, "But then are we in order, when we are most out of order."

Although this was what political economy decreed, it must not be inferred that the greater economists were any more advocates of mere licence than Prince Kropotkin, or Mr Herbert Spencer, or Mr Benjamin Tucker of Boston, or any other modern Anarchist. They did not admit that the alternative to State regulation was anarchy: they held that Nature had provided an all-powerful automatic regulator in Competition; and that by its operation self-interest would evolve order out of chaos if only it were allowed its own way. They loved to believe that a right and just social order was not an artificial and painfully maintained legal edifice,

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but a spontaneous outcome of the free play of the forces of Nature. They were reactionaries against feudal domineering and medieval meddling and ecclesiastical intolerance; and they were able to shew how all three had ended in disgraceful failure, corruption, and self-stultification. Indignant at the spectacle of the peasant struggling against the denial of those rights of private property which his feudal lord had successfully usurped, they strenuously affirmed the right of private property for all. And whilst they were dazzled by the prodigious impulse given to production by the industrial revolution under competitive private enterprise, they were at the same time, for want of statistics, so optimistically ignorant of the condition of the masses, that we find David Hume, in 1766, writing to Turgot that "no man is so industrious but he may add some hours more in the week to his labor; and scarce anyone is so poor but he can retrench something of his expense." No student ever gathers from a study of the individualist economists that the English proletariat was seething in horror and degradation whilst the riches of the proprietors were increasing by leaps and bounds.

The historical ignorance of the economists did not, however, disable them for the abstract work of scientific political economy. All their most cherished institutions and doctrines succumbed one by one to their analysis of the laws of production and exchange. With one law alone—the law of rent—they destroyed the whole series of assumptions upon which private property is based. The apriorist notion that among free competitors wealth must go to the industrious, and poverty be the just and natural punishment of the lazy and improvident, proved as illusory as the apparent flatness of the earth. Here was a vast mass of wealth called economic rent, increasing with the population, and consisting of the difference between the product of the national industry as it actually was and as it would have been if every acre of land in the country had been no more fertile or favorably situated than the very worst acre from which a bare living could be extracted: all quite incapable of being assigned to this or that individual or class as the return to his or its separate exertions: all purely social or

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common wealth, for the private appropriation of which no permanently valid and intellectually honest excuse could be made. Ricardo was quite as explicit and far more thorough on the subject than Mr Henry George. He pointed out—I quote his own words—that “the whole surplus produce of the soil, after deducting from it only such moderate profits as are sufficient to encourage accumulation, must finally rest with the landlord.”<sup>1</sup>

It was only by adopting a preposterous theory of value that Ricardo was able to maintain that the laborer, selling himself for wages to the proprietor, would always command his cost of production, *i.e.* his daily subsistence. Even that slender consolation vanished later on before the renewed investigation of value made by Jevons,<sup>2</sup> who demonstrated that the value of a commodity is a function of the quantity available, and may fall to zero when the supply outruns the demand so far as to make the final increment of the supply useless.<sup>3</sup> A fact which the unemployed had discovered, without the aid of the differential calculus, before Jevons was born. Private property, in fact, left no room for newcomers. Malthus pointed this out, and urged that there should be no newcomers—that the population should remain stationary. But the population took exactly as much notice of this modest demand for stagnation as the incoming tide took of King Canute’s ankles. Indeed the demand was the less reasonable since the power of production per head was increasing faster than the population (as it still is), the increase of poverty being produced simply by the increase and private appropriation of rent. After Ricardo had completed the individualist synthesis of production and exchange, a dialectical war broke out. Proudhon had only to skim through a Ricardian treatise to understand just enough of it to be able to shew that political economy was a *reductio ad absurdum* of private property instead of a justification of it. Ferdinand Lassalle, with

<sup>1</sup> Principles of Political Economy, chap. xxiv. p. 202.

<sup>2</sup> Theory of Political Economy. By W. Stanley Jevons. (London: Macmillan and Co.) See also The Alphabet of Economic Science, Part I, by Philip H. Wicksteed. (Same publishers.)

<sup>3</sup> See pp. 10-17 *ante*.

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Ricardo in one hand and Hegel in the other, turned all the heavy guns of the philosophers and economists on private property with such effect that no one dared to challenge his characteristic boasts of the irresistible equipment of Social Democracy in point of culture. Karl Marx, without even giving up the Ricardian value theory, seized on the blue books which contained the true history of the leaps and bounds of England's prosperity, and convicted private property of wholesale spoliation, murder, and compulsory prostitution; of plague, pestilence, and famine; battle, murder, and sudden death. This was hardly what had been expected from an institution so highly spoken of. Many critics said that the attack was not fair: no one ventured to pretend that the charges were not true. The facts were not only admitted; they had been legislated upon. Social Democracy was working itself out practically as well as academically. Before I recite the steps of the transition, I will, as a matter of form, explain what Social Democracy is, though doubtless nearly all my hearers are already conversant with it.

What the achievement of Socialism involves economically, is the transfer of rent from the class which now appropriates it to the whole people. Rent being that part of the produce which is individually unearned, this is the only equitable method of disposing of it. There is no means of getting rid of economic rent. So long as the fertility of land varies from acre to acre, and the number of persons passing by a shop window per hour varies from street to street, with the result that two farmers or two shopkeepers of exactly equal intelligence and industry will reap unequal returns from their year's work, so long will it be equitable to take from the richer farmer or shopkeeper the excess over his fellow's gain which he owes to the bounty of Nature or the advantage of situation, and divide that excess or rent equally between the two. If the pair of farms or shops be left in the hands of a private landlord, he will take the excess, and, instead of dividing it between his two tenants, live on it himself idly at their expense. The economic object of Socialism is not, of course, to equalize farmers and shopkeepers in couples, but to carry out the principle

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over the whole community by collecting all rents and throwing them into the national treasury. As the private proprietor has no reason for clinging to his property except the legal power to take the rent and spend it on himself—this legal power being in fact what really constitutes him a proprietor—its abrogation would mean his expropriation. The socialization of rent would mean the socialization of the sources of production by the expropriation of the present private proprietors, and the transfer of their property to the entire nation. This transfer, then, is the subject matter of the transition to Socialism, which began some forty-five years ago, as far as any phase of social evolution can be said to begin at all.

It will be at once seen that the valid objections to Socialism consist wholly of practical difficulties. On the ground of abstract justice, Socialism is not only unobjectionable, but sacredly imperative. I am afraid that in the ordinary middle-class opinion Socialism is flagrantly dishonest, but could be established off-hand tomorrow with the help of a guillotine, if there were no police, and the people were wicked enough. In truth, it is as honest as it is inevitable; but all the mobs and guillotines in the world can no more establish it than police coercion can avert it. The first practical difficulty is raised by the idea of the entire people collectively owning land, capital, or anything else. Here is the rent arising out of the people's industry: here are the pockets of the private proprietors. The problem is to drop that rent, not into those private pockets, but into the people's pocket. Yes; but where is the people's pocket? Who is the people? what is the people? Tom we know, and Dick: also Harry; but solely and separately as individuals: as a trinity they have no existence. Who is their trustee, their guardian, their man of business, their manager, their secretary, even their stakeholder? The Socialist is stopped dead at the threshold of practical action by this difficulty until he bethinks himself of the State as the representative and trustee of the people. Now if you will just form a hasty picture of the governments which called themselves States in Ricardo's day, consisting of rich proprietors legislating either by divine right or

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by the exclusive suffrage of the poorer proprietors, and filling the executives with the creatures of their patronage and favoritism; if you look beneath their oratorical parliamentary discussions, conducted with all the splendor and decorum of an expensive sham fight; if you consider their class interests, their shameless corruption, and the waste and mismanagement which disgraced all their bungling attempts at practical business of any kind, you will understand why Ricardo, clearly as he saw the economic consequences of private appropriation of rent, never dreamt of State appropriation as a possible alternative. The Socialist of that time did not greatly care: he was only a benevolent Utopian who planned model communities, and occasionally carried them out, with negatively instructive and positively disastrous results. When his successors learned economics from Ricardo, they saw the difficulty quite as plainly as Ricardo's vulgarizers, the Whig doctrinaires who accepted the incompetence and corruption of States as permanent inherent State qualities, like the acidity of lemons. Not that the Socialists were not doctrinaires too; but outside economics they were pupils of Hegel, whilst the Whigs were pupils of Bentham and Austin. Bentham's was not the school in which men learned to solve problems to which history alone could give the key, or to form conceptions which belonged to the evolutionary order. Hegel, on the other hand, expressly taught the conception of the perfect State; and his pupils saw that nothing in the nature of things made it impossible, or even specially difficult, to make the existing State, if not absolutely perfect, at least practically trustworthy. They contemplated the insolent and inefficient government official of their day without rushing to the conclusion that the State uniform had a magic property of extinguishing all business capacity, integrity, and common civility in the wearer. When State officials obtained their posts by favoritism and patronage, efficiency on their part was an accident, and politeness a condescension. When they retained their posts without any effective responsibility to the public, they naturally defrauded the public by making their posts sinecures, and insulted the public when, by personal inquiry, it made itself troublesome. But every

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successfully conducted private business establishment in the kingdom was an example of the ease with which public ones could be reformed as soon as there was the effective will to find out the way. Make the passing of a sufficient examination an indispensable preliminary to entering the executive; make the executive responsible to the government and the government responsible to the people; and State departments will be provided with all the guarantees for integrity and efficiency that private money-hunting pretends to. Thus the old bugbear of State imbecility did not terrify the Socialist: it only made him a Democrat. But to call himself so simply, would have had the effect of classing him with the ordinary destructive politician who is a Democrat without ulterior views for the sake of formal Democracy—one whose notion of Radicalism is the pulling up of aristocratic institutions by the roots—who is, briefly, a sort of Universal Abolitionist. Consequently, we have the distinctive term Social Democrat, indicating the man or woman who desires through Democracy to gather the whole people into the State, so that the State may be trusted with the rent of the country, and finally with the land, the capital, and the organization of the national industry—with all the sources of production, in short, which are now abandoned to the cupidity of irresponsible private individuals.

The benefits of such a change as this are so obvious to all except the existing private proprietors and their parasites, that it is very necessary to insist on the impossibility of effecting it suddenly. The young Socialist is apt to be catastrophic in his views—to plan the revolutionary program as an affair of twenty-four lively hours, with Individualism in full swing on Monday morning, a tidal wave of the insurgent proletariat on Monday afternoon, and Socialism in complete working order on Tuesday. A man who believes that such a happy despatch is possible will naturally think it absurd and even inhuman to stick at bloodshed in bringing it about. He can prove that the continuance of the present system for a year costs more suffering than could be crammed into any Monday afternoon, however sanguinary. This is the phase of conviction in which are delivered those Socialist speeches which make

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what the newspapers call "good copy," and which are the only ones they as yet report. Such speeches are encouraged by the hasty opposition they evoke from thoughtless persons, who begin by tacitly admitting that a sudden change is feasible, and go on to protest that it would be wicked. The experienced Social Democrat converts his too ardent follower by first admitting that if the change could be made catastrophically it would be well worth making, and then proceeding to point out that as it would involve a readjustment of productive industry to meet the demand created by an entirely new distribution of purchasing power, it would also involve, in the application of labor and industrial machinery, alterations which no afternoon's work could effect. You cannot convince any man that it is impossible to tear down a government in a day; but everybody is convinced already that you cannot convert first and third class carriages into second class; rookeries and palaces into comfortable dwellings; and jewellers and dressmakers into bakers and builders, by merely singing the Marseillaise. No judicious person, however deeply persuaded that the work of the court dressmaker has no true social utility, would greatly care to quarter her idly on the genuinely productive workers pending the preparation of a place for her in their ranks. For though she is to all intents and purposes quartered on them at present, yet she at least escapes the demoralization of idleness. Until her new place is ready, it is better that her patrons should find dressmaking for her hands to do, than that Satan should find mischief. Demolishing a Bastille with seven prisoners in it is one thing: demolishing one with fourteen million prisoners is quite another. I need not enlarge on the point: the necessity for cautious and gradual change must be obvious to everyone here, and could be made obvious to everyone elsewhere if only the catastrophists were courageously and sensibly dealt with in discussion.

What then does a gradual transition to Social Democracy mean specifically? It means the gradual extension of the franchise; and the transfer of rent and interest to the State, not in one lump sum, but by instalments. Looked at in this way, it will at once be seen

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that we are already far on the road, and are being urged further by many politicians who do not dream that they are touched with Socialism—nay, who would earnestly repudiate the touch as a taint. Let us see how far we have gone. In 1832 the political power passed into the hands of the middle class; and in 1838 Lord John Russell announced finality. Meanwhile, in 1834, the middle class had swept away the last economic refuge of the workers, the old Poor Law, and delivered them naked to the furies of competition.<sup>1</sup> Ten years' turmoil and active emigration followed; and then the thin edge of the wedge went in. The Income Tax was established; and the Factory Acts were made effective. The Income Tax (1842), which is on individualist principles an intolerable spoliative anomaly, is simply a forcible transfer of rent, interest, and even rent of ability, from private holders to the State without compensation. It excused itself to the Whigs on the ground that those who had most property for the State to protect should pay *ad valorem* for its protection. The Factory Acts swept the anarchic theory of the irresponsibility of private enterprise out of practical politics; made employers accountable to the State for the well-being of their employees; and transferred a further instalment of profits directly to the worker by raising wages. Then came the gold discoveries in California (1847) and Australia (1851), and the period of leaps and bounds, supported by the economic rent of England's mineral fertility, which kindled Mr Gladstone's retrogressive instincts to a vain hope of abolishing the Income Tax. These events relieved the pressure set up by the New Poor Law. The workers rapidly organized themselves in Trades Unions, which were denounced then for their tendency to sap the manly independence which had formerly characterized the British workman,<sup>2</sup> and which are today held up to him as the self-helpful perfection of that manly independence. Howbeit, self-help flourished, especi-

<sup>1</sup> The general impression that the old Poor Law had become an indefensible nuisance is a correct one. All attempts to mitigate Individualism by philanthropy instead of replacing it by Socialism are foredoomed to confusion.

<sup>2</sup> See Final Report of Royal Commission on Trade Unions, 1869, vol. i. p. xvii, sec. 46.

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ally at Manchester and Sheffield; State help was voted grandmotherly; wages went up; and the Unions, like the fly on the wheel, thought that they had raised them. They were mistaken; but the value of Trade Unionism in awakening the social conscience of the skilled workers was immense, though to this there was a heavy set-off in its tendency to destroy their artistic conscience by making them aware that it was their duty to one another to discourage rapid and efficient workmanship by every means in their power. An extension of the Franchise, which was really an instalment of Democracy, and not, like the 1832 Reform Bill, only an advance towards it, was gained in 1867; and immediately afterwards came another instalment of Socialism in the shape of a further transfer of rent and interest from private holders to the State for the purpose of educating the people. In the meantime, the extraordinary success of the post office, which, according to the teaching of the Manchester school, should have been a nest of incompetence and jobbery, had not only shewn the perfect efficiency of State enterprise when the officials are made responsible to the class interested in its success, but had also proved the enormous convenience and cheapness of socialistic or collectivist charges over those of private enterprise. For example, the Postmaster-General charges a penny for sending a letter weighing an ounce from Kensington to Bayswater. Private enterprise would send half a pound the same distance for a farthing, and make a handsome profit on it. But the Postmaster-General also sends an ounce letter from Land's End to John o' Groat's House for a penny. Private enterprise would probably demand at least a shilling, if not five, for such a service; and there are many places in which private enterprise could not on any terms maintain a post office. Therefore a citizen with ten letters to post saves considerably by the uniform socialistic charge, and quite recognizes the necessity for rigidly protecting the Postmaster's monopoly.

After 1875,<sup>1</sup> leaping and bounding prosperity, after a final

<sup>1</sup> See Mr Robert Giffen's address on The Recent Rate of Material Progress in England. Proceedings of the British Association at Manchester in 1887, p. 806.

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spurt during which the Income Tax fell to twopence, got out of breath, and has not yet recovered it. Russia and America, among other competitors, began to raise the margin of cultivation at a surprising rate. Education began to intensify the sense of suffering, and to throw light upon its causes in dark places. The capital needed to keep English industry abreast of the growing population began to be attracted by the leaping and bounding of foreign loans and investments,<sup>1</sup> and to bring to England, in payment of interest, imports that were not paid for by exports—a phenomenon inexpressibly disconcerting to the Cobden Club. The old pressure of the eighteen-thirties came back again; and presently, as if Chartism and Fergus O'Connor had risen from the dead, the Democratic Federation and Mr H. M. Hyndman appeared in the field, highly significant as signs of the times, and looming hideously magnified in the guilty eye of property, if not of great account as direct factors in the course of events. Numbers of young men, pupils of Mill, Spencer, Comte, and Darwin, roused by Mr. Henry George's *Progress and Poverty*, left aside evolution and freethought; took to insurrectionary economics; studied Karl Marx; and were so convinced that Socialism had only to be put clearly before the working classes to concentrate the power of their immense numbers in one irresistible organization, that the Revolution was fixed for 1889—the anniversary of the French Revolution—at latest. I remember being asked satirically and publicly at that time how long I thought it would take to get Socialism into working order if I had my way. I replied, with a spirited modesty, that a fortnight would be ample for the purpose. When I add that I was frequently complimented on being one of the more reasonable Socialists, you will be able to appreciate the fervour of our conviction, and the extravagant levity of our practical ideas. The opposition we got was uninstructive: it was mainly founded on the assumption that our projects were theoretically unsound but immediately possible, whereas our weak point lay in the case being exactly the reverse. However, the

<sup>1</sup> See Mr Robert Giffen on Import and Export Statistics. Essays on Finance, Second Series, p. 194. (London: G. Bell and Sons, 1886.)

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ensuing years sifted and sobered us. "The Socialists," as they were called, have fallen into line as a Social Democratic party, no more insurrectionary in its policy than any other party. But I shall not present the remainder of the transition to Social Democracy as the work of fully conscious Social Democrats. I prefer to ignore them altogether—to suppose, if you will, that the Government will shortly follow the advice of the Saturday Review, and, for the sake of peace and quietness, hang them.

First, then, as to the consummation of Democracy. Since 1885 every man who pays four shillings a week rent can only be hindered from voting by anomalous conditions of registration which are likely to be swept away very shortly. This is all but manhood suffrage; and it will soon complete itself as adult suffrage. However, I may leave adult suffrage out of the question, because the outlawry of women, monstrous as it is, is not a question of class privilege, but of sex privilege. To complete the foundation of the democratic State, then, we need manhood suffrage, abolition of all poverty disqualifications, abolition of the House of Lords, public payment of candidature expenses, public payment of representatives, and annual elections. These changes are now inevitable, however unacceptable they may appear to those of us who are Conservatives. They have been for half a century the commonplaces of Radicalism. We have next to consider that the state is not merely an abstraction: it is a machine to do certain work; and if that work be increased and altered in its character, the machinery must be multiplied and altered too. Now, the extension of the franchise does increase and alter the work very considerably; but it has no direct effect on the machinery. At present the State machine has practically broken down under the strain of spreading democracy, the work being mainly local, and the machinery mainly central. Without efficient local machinery the replacing of private enterprise by State enterprise is out of the question; and we shall presently see that such replacement is one of the inevitable consequences of Democracy. A democratic State cannot become a *Social-Democratic State* unless it has in every centre of population a local governing body as thoroughly demo-

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cratic in its constitution as the central Parliament. This matter is also well in train. In 1888 a Government avowedly reactionary passed a Local Government Bill which effected a distinct advance towards the democratic municipality.<sup>1</sup> It was furthermore a Bill with no single aspect of finality anywhere about it. Local Self-Government remains prominent within the sphere of practical politics. When it is achieved, the democratic State will have the machinery for Socialism.

And now, how is the raw material of Socialism—otherwise the Proletarian man—to be brought to the Democratic State machinery? Here again the path is easily found. Politicians who have no suspicion that they are Socialists are advocating further instalments of Socialism with a recklessness of indirect results which scandalizes the conscious Social Democrat. The phenomenon of economic rent has assumed prodigious proportions in our great cities. The injustice of its private appropriation is glaring, flagrant, almost ridiculous. In the long suburban roads about London, where rows of exactly similar houses stretch for miles countrywards, the rent changes at every few thousand yards by exactly the amount saved or incurred annually in travelling to and from the householder's place of business. The seeker after lodgings, hesitating between Bloomsbury and Tottenham, finds every advantage of situation skimmed off by the landlord with scientific precision. As lease after lease falls in, houses, shops, goodwills of businesses which are the fruits of the labor of lifetimes, fall into the maw of the ground landlord. Confiscation of capital, spoliation of households, annihilation of incentive, everything that the most ignorant and credulous fundholder ever charged against the Socialist, rages openly in London, which begins to ask itself whether it exists and toils only for the typical duke and his celebrated jockey and his famous racehorse. Lord Hobhouse and his unimpeachably respectable committee for the taxation of ground

<sup>1</sup> This same Government, beginning to realize what it has unintentionally done for Social Democracy, is already (1889) doing what it can to render the new County Councils socialistically impotent by urgently reminding them of the restrictions which hamper their action.

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values are already in the field claiming the value of the site of London for London collectively; and their agitation receives additional momentum from every lease that falls in. Their case is unassailable; and the evil they attack is one that presses on the ratepaying and leaseholding classes as well as upon humbler sufferers. This economic pressure is reinforced formidably by political opinion in the workmen's associations. Here the moderate members are content to demand a progressive Income Tax, which is virtually Lord Hobhouse's proposal; and the extremists are all for Land Nationalization, which is again Lord Hobhouse's principle. The cry for such taxation cannot permanently be resisted. And it is very worthy of remark that there is a new note in the cry. Formerly taxes were proposed with a specific object—as to pay for a war, for education, or the like. Now the proposal is to tax the landlords in order to get some of *our* money back from them—take it from them first and find a use for it afterwards. Ever since Mr Henry George's book reached the English Radicals, there has been a growing disposition to impose a tax of twenty shillings in the pound on obviously unearned incomes: that is, to dump four hundred and fifty millions<sup>1</sup> a year down on the Exchequer counter; and then retire with three cheers for the restoration of the land to the people.

The results of such a proceeding, if it actually came off, would considerably take its advocates aback. The streets would presently be filled with starving workers of all grades, domestic servants, coach builders, decorators, jewellers, lacemakers, fashionable professional men, and numberless others whose livelihood is at present gained by ministering to the wants of these and of the proprietary class. "This," they would cry, "is what your theories have brought us to! Back with the good old times, when we received our wages, which were at least better than nothing." Evidently the Chancellor of the Exchequer would have three courses open to him. (1) He could give the money back again to the landlords and capitalists with an apology. (2) He could at-

<sup>1</sup> The authority for this figure will be found in Fabian Tract No. 5, Facts for Socialists.

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tempt to start State industries with it for the employment of the people. (3) Or he could simply distribute it among the unemployed. The last is not to be thought of: anything is better than *panem et circenses*. The second (starting State industries) would be far too vast an undertaking to get on foot soon enough to meet the urgent difficulty. The first (the return with an apology) would be a *reductio ad absurdum* of the whole affair—a confession that the private proprietor, for all his idleness and his voracity, is indeed performing an indispensable economic function—the function of capitalizing, however wastefully and viciously, the wealth which surpasses his necessarily limited power of immediate personal consumption. And here we have checkmate to mere Henry Georgism, or State appropriation of rent without Socialism. It is easy to shew that the State is entitled to the whole income of the Duke of Westminster, and to argue therefrom that he should straightway be taxed twenty shillings in the pound. But in practical earnest the State has no right to take five farthings of capital from the Duke or anybody else until it is ready to invest them in productive enterprise. The consequences of withdrawing capital from private hands merely to lock it up unproductively in the treasury would be so swift and ruinous, that no statesman, however fortified with the destructive resources of abstract economics, could persist in it. It will be found in the future as in the past that governments will raise money only because they want it for specific purposes, and not on *a priori* demonstrations that they have a right to it. But it must be added that when they *do* want it for a specific purpose, then, also in the future as in the past, they will raise it without the slightest regard to *a priori* demonstrations that they have no right to it.

Here then we have got to a deadlock. In spite of democrats and land nationalizers, rent cannot be touched unless some pressure from quite another quarter forces productive enterprise on the State. Such pressure is already forthcoming. The quick starvation of the unemployed, the slow starvation of the employed who have no relatively scarce special skill, the unbearable anxiety or dangerous recklessness of those who are employed today and

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unemployed tomorrow, the rise in urban rents, the screwing down of wages by pauper immigration and home multiplication, the hand-in-hand advance of education and discontent, are all working up to explosion point. It is useless to prove by statistics that most of the people are better off than before, true as that probably is, thanks to instalments of Social Democracy. Yet even that is questionable; for it is idle to claim authority for statistics of things that have never been recorded. Chaos has no statistics: it has only statisticians; and the ablest of them prefaces his remarks on the increased consumption of rice by the admission that "no one can contemplate the present condition of the masses without desiring something like a revolution for the better."<sup>1</sup> The masses themselves are being converted so rapidly to that view of the situation, that we have Pan-Anglican Synods, bewildered by a revival of Christianity, pleading that though Socialism is eminently Christian, yet "the Church must act safely as well as sublimely."<sup>2</sup> During the agitation made by the unemployed last winter (1887-88), the Chief Commissioner of Police in London started at his own shadow, and mistook Mr John Burns for the French Revolution, to the great delight of that genial and courageous champion of his class.<sup>3</sup> The existence of the pressure is further shewn by the number and variety of safety valves proposed to relieve it—monetization of silver, import duties, "leaseholds enfranchisement," extension of joint stock capitalism masquerading as co-operation,<sup>4</sup> and other irrelevancies. My own sudden promotion from the street corner to this plat-

<sup>1</sup> Mr. R. Giffen, Essays in Finance, Second Series, p. 393.

<sup>2</sup> Proceedings of the Pan-Anglican Synod: Lambeth, 1888. Report of Committee on Socialism.

<sup>3</sup> Finally, the Commissioner was superseded; and Mr Burns was elected a member of the first London County Council by a large majority.

<sup>4</sup> It is due to the leaders of the Co-operative movement to say here that they are no parties to the substitution of dividend-hunting by petty capitalists for the pursuit of the ideal of Robert Owen, the Socialist founder of Co-operation; and that they are fully aware that Co-operation must be a political as well as a commercial movement if it is to achieve a final solution of the labor question.

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form is in its way a sign of the times. But whilst we are pointing the moral and adorning the tale according to our various opinions, an actual struggle is beginning between the unemployed who demand work and the local authorities appointed to deal with the poor. In the winter, the unemployed collect round red flags, and listen to speeches for want of anything else to do. They welcome Socialism, insurrectionism, currency craze—anything that passes the time and seems to express the fact that they are hungry. The local authorities, equally innocent of studied economic views, deny that there is any misery; send leaders of deputations to the Local Government Board, who promptly send them back to the guardians; try bullying; try stone-yards; try bludgeoning; and finally sit down helplessly and wish it were summer again or the unemployed at the bottom of the sea. Meanwhile the charity fund, which is much less elastic than the wages fund, overflows at the Mansion House only to run dry at the permanent institutions. So unstable a state of things cannot last. The bludgeoning, and the shocking clamor for bloodshed from the anti-popular newspapers, will create a revulsion among the humane section of the middle class. The section which is blinded by class prejudice to all sense of social responsibility dreads personal violence from the working class with a superstitious terror that defies enlightenment or control.<sup>1</sup> Municipal employment must be offered at last. This cannot be done in one place alone: the rush from other parts of the country would swamp an isolated experiment. Wherever the pressure is, the relief must be given on the spot. And since public decency, as well as consideration for its higher officials, will prevent the County Council from instituting a working day of sixteen hours at a wage of a penny an hour or less, it will soon have on its hands not only the unemployed, but also the white slaves of the sweater, who will escape from their dens and appeal to the municipality for work the moment they become aware that municipal employment is better than private sweating. Nay, the sweater himself, a mere slave driver paid “by the piece,” will in

<sup>1</sup> Ample material for a study of West End mob panic may be found in the London newspapers of February 1886 and November 1887.

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many instances be as anxious as his victims to escape from his hideous trade. But the municipal organization of the industry of these people will require capital. Where is the municipality to get it? Raising the rates is out of the question: the ordinary tradesmen and householders are already rated and rented to the limit of endurance: further burdens would almost bring them into the street with a red flag. Dreadful dilemma! in which the County Council, between the devil and the deep sea, will hear Lord Hobhouse singing a song of deliverance, telling a golden tale of ground values to be municipalized by taxation. The land nationalizers will swell the chorus: the Radical progressive income taxers singing together, and the ratepaying tenants shouting for joy. The capital difficulty thus solved—for we need not seriously anticipate that the landlords will actually fight, as our President<sup>1</sup> once threatened—the question of acquiring land will arise. The nationalizers will declare for its annexation by the municipality without compensation; but that will be rejected as spoliation, worthy only of revolutionary Socialists. The no-compensation cry is indeed a piece of unpractical catastrophic insurrectionism; for whilst compensation would be unnecessary and absurd if every proprietor were expropriated simultaneously, and the proprietary system at once replaced by full-blown Socialism, yet when it is necessary to proceed by degrees, the denial of compensation would have the effect of singling out individual proprietors for expropriation whilst the others remained unmolested, and depriving them of their private means long before there was suitable municipal employment ready for them. The land, as it is required, will therefore be honestly purchased; and the purchase money, or the interest thereon, will be procured, like the capital, by taxing rent. Of course this will be at bottom an act of expropriation just as much as the collection of Income Tax today is an act of expropriation. As such, it will be denounced by the landlords as merely a committing of the newest sin in the oldest kind of way. In effect, they will be compelled at each purchase to buy out

<sup>1</sup> Lord Bramwell, President of the Economic Section of the British Association in 1888.

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one of their body and present his land to the municipality, thereby distributing the loss fairly over their whole class, instead of placing it on one man who is no more responsible than the rest. But they will be compelled to do this in a manner that will satisfy the moral sense of the ordinary citizen as effectively as that of the skilled economist.

We now foresee our municipality equipped with land and capital for industrial purposes. At first they will naturally extend the industries they already carry on, road making, gas works, tramways, building, and the like. It is probable that they will for the most part regard their action as a mere device to meet a passing emergency. The Manchester School will urge its Protectionist theories as to the exemption of private enterprise from the competition of public enterprise, in one supreme effort to practise for the last time on popular ignorance of the science which it has consistently striven to debase and stultify. For a while the proprietary party will succeed in hampering and restricting municipal enterprise;<sup>1</sup> in attaching the stigma of pauperism to its service; in keeping the lot of its laborers as nearly as possible down to private competition level in point of hard work and low wages. But its power will be broken by the disappearance of that general necessity for keeping down the rates which now hardens local authority to humane appeals. The luxury of being generous at someone else's expense will be irresistible. The ground landlord will be the municipal milch cow; and the ordinary ratepayers will feel the advantage of sleeping in peace, relieved at once from the fear of increased burdens and of having their windows broken and their premises looted by hungry mobs, nuclei of all the socialism and scoundrelism of the city. They will have just as much remorse in making the landlord pay as the landlord has had in making them pay—just as much and no more. And as the municipality becomes more democratic, it will find landlordism losing power, not only relatively to democracy, but absolutely.

The ordinary ratepayer, however, will not remain unaffected for long. At the very outset of the new extension of municipal

<sup>1</sup> See note, p. 48.

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industries, the question of wage will arise. A minimum wage must be fixed; and though at first, to avoid an overwhelming rush of applicants for employment, it must be made too small to tempt any decently employed laborer to forsake his place and run to the municipality, still, it will not be the frankly infernal competition wage. It will be, like medieval wages, fixed with at least some reference to public opinion as to a becoming standard of comfort. Over and above this, the municipality will have to pay to its organizers, managers, and incidentally necessary skilled workers the full market price of their ability, minus only what the superior prestige and permanence of public employment may induce them to accept. But whilst these high salaries will make no more disturbance in the labor market than the establishment of a new joint stock company would, the minimum wage for laborers will affect that market perceptibly. The worst sort of sweaters will find that if they are to keep their "hands," they must treat them at least as well as the municipality. The consequent advance in wage will swallow up the sweater's narrow margin of profit. Hence the sweater must raise the price per piece against the shops and wholesale houses for which he sweats. This again will diminish the profits of the wholesale dealers and shopkeepers, who will not be able to recover this loss by raising the price of their wares against the public, since, had any such step been possible, they would have taken it before. But fortunately for them, the market value of their ability as men of business is fixed by the same laws that govern the prices of commodities. Just as the sweater is worth his profit, so they are worth their profit; and just as the sweater will be able to exact from them his old remuneration in spite of the advance in wages, so they will be able to exact their old remuneration in spite of the advance in sweaters' terms. But from whom, it will be asked, if not from the public by raising the price of the wares? Evidently from the landlord upon whose land they are organizing production. In other words, they will demand and obtain a reduction of rent. Thus the organizer of industry, the employer pure and simple, the *entrepreneur*, as he is often called in economic treatises nowadays, will not suffer.

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In the division of the product his share will remain constant; whilst the industrious wage-worker's share will be increased, and the idle proprietor's share diminished. This will not adjust itself without friction and clamor; but such friction is constantly going on under the present system in the opposite direction, *i.e.* by the raising of the proprietor's share at the expense of the worker's.

The contraction of landlord's incomes will necessarily diminish the revenue from taxation on such incomes. Let us suppose that the municipality, to maintain its revenue, puts on an additional penny in the pound. The effect will be to burn the landlord's candle at both ends—obviously not a process that can be continued to infinity. But long before taxation fails as a source of municipal capital, the municipalities will have begun to save capital out of the product of their own industries. In the market the competition of those industries with the private concerns will be irresistible. Unsaddled with a single idle person, and having, therefore, nothing to provide for after paying their employees except extension of capital, they will be able to offer wages that no business burdened with the unproductive consumption of an idle landlord or shareholder could afford, unless it yielded a heavy rent in consequence of some marked advantage of site. But even rents, when they are town rents, are at the mercy of a municipality in the long run. The masters of the streets and the traffic can nurse one site and neglect another. The rent of a shop depends on the number of persons passing its windows per hour. A skilfully timed series of experiments in paving, a new bridge, a tramway service, a barracks, or a smallpox hospital are only a few of the circumstances of which city rents are the creatures. The power of the municipality to control these circumstances is as obvious as the impotence of competing private individuals. Again, competing private individuals are compelled to sell their produce at a price equivalent to the full cost of production at the margin of cultivation.<sup>1</sup> The municipality could compete against them by reducing prices to the average cost of

<sup>1</sup> The meaning of these terms will be familiar to readers of the first essay.

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production over the whole area of municipal cultivation. The more favorably situated private concerns could only meet this by ceasing to pay rent: the less favorably situated would succumb without remedy. It would be either stalemate or checkmate. Private property would either become barren, or it would yield to the actual cultivator of average ability no better an income than could be obtained more securely in municipal employment. To the mere proprietor it would yield nothing. Eventually the land and industry of the whole town would pass by the spontaneous action of economic forces into the hands of the municipality; and, so far, the problem of socializing industry would be solved.

Private property, by cheapening the laborer to the utmost in order to get the greater surplus out of him, lowers the margin of human cultivation, and so raises the "rent of ability." The most important form of that rent is the profit of industrial management. The gains of a great portrait painter or fashionable physician are much less significant, since these depend entirely on the existence of a very rich class of patrons subject to acute vanity and hypochondriasis. But the industrial organizer is independent of patrons: instead of merely attracting a larger share of the product of industry to himself, he increases the product by his management. The market price of such ability depends upon the relation of the supply to the demand: the more there is of it the cheaper it is: the less, the dearer. Any cause that increases the supply lowers the price. Now it is evident that since a manager must be a man of education and address, it is useless to look ordinarily to the laboring class for a supply of managerial skill. Not one laborer in a million succeeds in raising himself on the shoulders of his fellows by extraordinary gifts, or extraordinary luck, or both. The manager must be drawn from the classes which enjoy education and social culture; and their price, rapidly as it is falling with the spread of education and the consequent growth of the "intellectual proletariat," is still high. It is true that a very able and highly trained manager can now be obtained for about £800 a year, provided his post does not compel him to spend two-thirds of his income on what is called "keeping up his position," instead

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of on his own gratification.<sup>1</sup> Still, when it is considered that laborers receive less than £50 a year, and that the demand for laborers is necessarily vast in proportion to the demand for able managers—nay, that there is an inverse ratio between them, since the manager's talent is valuable in proportion to the quantity of labor he can organize—it will be admitted that £800 a year represents an immense rent of ability. But if the education and culture which are a practically indispensable part of the equipment of competitors for such posts were enjoyed by millions instead of thousands, that rent would fall considerably. Now the tendency of private property is to keep the masses mere beasts of burden. The tendency of Social Democracy is to educate them—to make men of them. Social Democracy would not long be saddled with the rents of ability which have during the last century made our born captains of industry our masters and tyrants instead of our servants and leaders. It is even conceivable that rent of managerial ability might in course of time become negative,<sup>2</sup> astonishing as that may seem to the many persons who are by this time so hopelessly confused amid existing anomalies, that the proposition that “whosoever of you will be the chiefest, shall be servant of all” strikes them rather as a Utopian paradox than as the most obvious and inevitable of social arrangements. The fall in the rent of ability will, however, benefit not only the municipality, but also its remaining private competitors. Nevertheless, as the prestige of the municipality grows, and as men see more and more clearly that the future is to it, able organizers will take lower salaries for municipal than for private employment; whilst those who can beat even the municipality at organizing, or who, as professional men, can deal personally with the public without the intervention of industrial organization, will pay the rent of

<sup>1</sup> See note, p. 19.

<sup>2</sup> That is, the manager would receive less for his work than the artizan. Cases in which the profits of the employer are smaller than the wages of the employee are by no means uncommon in certain grades of industry where small traders have occasion to employ skilled workmen.

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their places of business either directly to the municipality or to the private landlord whose income the municipality will absorb by taxation. Finally, when rents of ability had reached their irreducible natural level, they could be dealt with by a progressive Income Tax in the very improbable case of their proving a serious social inconvenience.

It is not necessary to go further into the economic detail of the process of the extinction of private property. Much of that process as sketched here may be anticipated by sections of the proprietary class successively capitulating, as the net closes about their special interests, on such terms as they may be able to stand out for before their power is entirely broken.<sup>1</sup>

We may also safely neglect for the moment the question of the development of the House of Commons into the central government which will be the organ for federating the municipalities, and nationalizing inter-municipal rents by an adjustment of the municipal contributions to imperial taxation: in short, for discharging national as distinct from local business. One can see that the Local Government Board of the future will be a tremendous affair; that foreign States will be deeply affected by the reaction of English progress; that international trade, always the really

<sup>1</sup> Such capitulations occur already when the Chancellor of the Exchequer takes advantage of the fall in the current rate of interest (explained on page 20) to reduce Consols. This he does by simply threatening to pay off the stockholders with money freshly borrowed at the current rate. They, knowing that they could not reinvest the money on any better terms than the reduced ones offered by the Chancellor, have to submit. There is no reason why the municipalities should not secure the same advantage for their constituents. For example, the inhabitants of London now pay the shareholders of the gas companies a million and a half annually, or 11 per cent on the £13,650,000 which the gas works cost. The London County Council could raise that sum for about £400,000 a year. By threatening to do this and start municipal gas works, it could obviously compel the shareholders to hand over their works for £400,000 a year, and sacrifice the extra 8 per cent now enjoyed by them. The saving to the citizens of London would be £1,100,000 a year, sufficient to defray the net cost of the London School Board. Metropolitan readers will find a number of cognate instances in Fabian Tract No. 8, *Facts for Londoners*.

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dominant factor in foreign policy, will have to be reconsidered from a new point of view when profit comes to be calculated in terms of net social welfare instead of individual pecuniary gain; that our present system of imperial aggression, in which, under pretext of exploration and colonization, the flag follows the filibuster and trade follows the flag, with the missionary bringing up the rear, must collapse when the control of our military forces passes from the capitalist class to the people; that the disappearance of a variety of classes with a variety of what are now ridiculously called "public opinions" will be accompanied by the welding of society into one class with a public opinion of inconceivable weight; that this public opinion will make it for the first time possible effectively to control the population; that the economic independence of women, and the supplanting of the head of the household by the individual as the recognized unit of the State, will materially alter the status of children and the utility of the institution of the family; and that the inevitable reconstitution of the State Church on a democratic basis may, for example, open up the possibility of the election of an avowed Freethinker like Mr John Morley or Mr Bradlaugh to the deanery of Westminster. All these things are mentioned only for the sake of a glimpse of the fertile fields of thought and action which await us when the settlement of our bread and butter question leaves us free to use and develop our higher faculties.

This, then, is the humdrum program of the practical Social Democrat today. There is not one new item in it. All are applications of principles already admitted, and extensions of practices already in full activity. All have on them that stamp of the vestry which is so congenial to the British mind. None of them compel the use of the words Socialism or Revolution: at no point do they involve guillotining, declaring the Rights of Man, swearing on the altar of the country, or anything else that is supposed to be essentially un-English. And they are all sure to come—landmarks on our course already visible to far-sighted politicians even of the party which dreads them.

Let me, in conclusion, disavow all admiration for this inevit-

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able, but sordid, slow, reluctant, cowardly path to justice. I venture to claim your respect for those enthusiasts who still refuse to believe that millions of their fellow creatures must be left to sweat and suffer in hopeless toil and degradation, whilst parliaments and vestries grudgingly muddle and grope towards paltry instalments of betterment. The right is so clear, the wrong so intolerable, the gospel so convincing, that it seems to them that it *must* be possible to enlist the whole body of workers—soldiers, policemen, and all—under the banner of brotherhood and equality; and at one great stroke to set Justice on her rightful throne. Unfortunately, such an army of light is no more to be gathered from the human product of nineteenth century civilization than grapes are to be gathered from thistles. But if we feel glad of that impossibility; if we feel relieved that the change is to be slow enough to avert personal risk to ourselves; if we feel anything less than acute disappointment and bitter humiliation at the discovery that there is yet between us and the promised land a wilderness in which many must perish miserably of want and despair: then I submit to you that our institutions have corrupted us to the most dastardly degree of selfishness. The Socialists need not be ashamed of beginning as they did by proposing militant organization of the working classes and general insurrection. The proposal proved impracticable; and it has now been abandoned—not without some outspoken regrets—by English Socialists. But it still remains as the only finally possible alternative to the Social Democratic program which I have sketched today.



# THE IMPOSSIBILITIES OF ANARCHISM



# THE IMPOSSIBILITIES OF ANARCHISM<sup>1</sup>

## ANARCHISTS AND SOCIALISTS

SOME years ago, as the practical policy of the Socialist party in England began to shape itself more and more definitely into the program of Social Democracy, it became apparent that we could not progress without the greatest violations of principles of all sorts. In particular, the democratic side of the program was found to be incompatible with the sacred principle of the Autonomy of the Individual. It also involved a recognition of the State, an institution altogether repugnant to the principle of Freedom. Worse than that, it involved compromise at every step; and principles, as Mr John Morley once eloquently shewed, must not be compromised. The result was that many of us fell to quarrelling; refused to associate with one another; denounced each other as trimmers or Impossibilists, according to our side in the controversy; and finally succeeded in creating a considerable stock of ill-feeling. My own side in the controversy was the unprincipled one, as Socialism to me has always meant, not a principle, but certain definite economic measures which I wish to see taken. Indeed, I have often been reproached for limiting the term Socialism too much to the economic side of the great movement towards equality. That movement, however, appears to me to be as much an Individualist as a Socialist one; and though there are Socialists, like Sir William Harcourt, to whom Socialism means the sum total of humanitarian aspiration, in which the transfer of some millions of acres of property from private to public ownership must seem but an inessential and even undesirable detail, this sublimer shade of Socialism suffers from such a lack of concentration upon definite measures, that, but for the honor and glory of the thing, its professors might as well call themselves Conservatives. Now what with Socialists of this sort, and persons who found that the practical remedy for white slavery was incompatible with the

<sup>1</sup> A paper read to the Fabian Society by G. Bernard Shaw on 16th October 1891.

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principle of Liberty, and the practical remedy for despotism incompatible with the principle of Democracy, and the practical conduct of politics incompatible with the principle of Personal Integrity (in the sense of having your own way in everything), the Practical men were at last driven into frank Opportunism. When, for instance, they found national and local organization of the working classes opposed by Socialists on the ground that Socialism is universal and international in principle; when they found their Radical and Trade Unionist allies ostracized by Socialists for being outside the pale of the Socialist faith one and indissoluble; when they saw agricultural laborers alienated by undiscriminating denunciations of allotments as "individualistic"; then they felt the full force of the saying that Socialism would spread fast enough if it were not for the Socialists. It was bad enough to have to contend with the conservative forces of the modern unsocialist State without also having to fight the seven deadly virtues in possession of the Socialists themselves. The conflict between ideal Socialism and practical Social Democracy destroyed the Chartist organization half a century ago, as it destroyed the Socialist League only the other day. But it has never gone so far as the conflict between Social Democracy and Anarchism. For the Anarchists will recommend abstention from voting and refusal to pay taxes in cases where the Social Democrats are strenuously urging the workers to organize their votes so as to return candidates pledged to contend for extensions of the franchise and for taxation of unearned incomes, the object of such taxation being the raising of State capital for all sorts of collective purposes, from the opening of public libraries to the municipalization and nationalization of our industries. In fact, the denunciation of Social Democratic methods by Anarchists is just as much a matter of course as the denunciation of Social Democratic aims by Conservatives. It is possible that some of the strangers present may be surprised to hear this, since no distinction is made in the newspapers which support the existing social order between Social Democrats and Anarchists, both being alike hostile to that order. In the columns of such papers all revolutionists are Socialists; all Socialists are

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Anarchists; and all Anarchists are incendiaries, assassins, and thieves. One result of this is that the imaginative French or Italian criminal who reads the papers sometimes declares, when taken red-handed in the commission of murder or burglary, that he is an Anarchist acting on principle. And in all countries the more violent and reckless temperaments among the discontented are attracted by the name Anarchist merely because it suggests desperate, thorough, uncompromising, implacable war on existing injustices. It is therefore necessary to warn you that there are some persons abusively called Anarchists by their political opponents, and others ignorantly so described by themselves, who are nevertheless not Anarchists at all within the meaning of this paper. On the other hand, many persons who are never called Anarchists either by themselves or others take Anarchist ground in their opposition to Social Democracy just as clearly as the writers with whom I shall more particularly deal. The old Whigs and new Tories of the school of Cobden and Bright, the "Philosophic Radicals," the economists of whom Bastiat is the type, Lord Wemyss and Lord Bramwell, Mr Herbert Spencer and Mr Auberon Herbert, Mr Gladstone, Mr Arthur Balfour, Mr John Morley, Mr Leonard Courtney: any of these is, in England, a more typical Anarchist than Bakounin. They distrust State action, and are jealous advocates of the prerogative of the individual, proposing to restrict the one and to extend the other as far as is humanly possible, in opposition to the Social Democrat, who proposes to democratize the State and throw upon it the whole work of organizing the national industry, thereby making it the most vital organ in the social body. Obviously there are natural limits to the application of both views; and Anarchists and Social Democrats are alike subject to the fool's argument that since neither collective provision for the individual nor individual freedom from collective control can be made complete, neither party is thoroughly consistent. No dialectic of that kind will, I hope, be found in the following criticism of Anarchism. It is confined to the practical measures proposed by Anarchists, and raises no discussion as to aims or principles. As to these we are all agreed. Justice, Virtue, Truth, Brotherhood,

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the highest interests of the people, moral as well as physical: these are dear not only to Social Democrats and Anarchists, but also to Tories, Whigs, Radicals, and probably also to Moonlighters and Dynamitards. It is with the methods by which it is proposed to give active effect to them that I am concerned here; and to that point I shall now address myself by reading you a paper which I wrote more than four years ago on the subject chosen for tonight. I may add that it has not been revived from a wanton desire to renew an old dispute, but in response to a demand from the provincial Fabian Societies, bewildered as they are by the unexpected opposition of the Anarchists, from whom they had rather expected some sympathy. This old paper of mine being the only document of the kind available, my colleagues have requested me to expunge such errors and follies as I have grown out of since 1888, and to take this opportunity of submitting it to the judgment of the Society. Which I shall now do without further preamble.

### INDIVIDUALIST ANARCHISM

The full economic detail of Individualist Anarchism may be inferred with sufficient completeness from an article entitled State Socialism and Anarchism: how far they agree, and wherein they differ, which appeared in March 1888, in *Liberty*, an Anarchist journal published in Boston, Mass., and edited by the author of the article, Mr Benjamin R. Tucker. An examination of any number of this journal will shew that as a candid, clear-headed, and courageous demonstrator of Individualist Anarchism by purely intellectual methods, Mr Tucker may safely be accepted as one of the most capable spokesmen of his party.

“The economic principles of Modern Socialism,” says Mr Tucker, “are a logical deduction from the principle laid down by Adam Smith in the early chapters of his *Wealth of Nations*—namely, that labor is the true measure of price. From this principle, these three men [Josiah Warren, Proudhon, and Marx] deduced ‘that the natural wage of labor is its product.’”

Now the Socialist who is unwary enough to accept this eco-

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nomic position will presently find himself logically committed to the Whig doctrine of *laissez-faire*. And here Mr Tucker will cry, "Why not? *Laissez-faire* is exactly what we want. Destroy the money monopoly, the tariff monopoly, and the patent monopoly. Enforce then only those land titles which rest on personal occupancy or cultivation;<sup>1</sup> and the social problem of how to secure to each worker the product of his own labor will be solved simply by everyone minding his own business."<sup>2</sup>

Let us see whether it will or not. Suppose we decree that henceforth no more rent shall be paid in England, and that each man shall privately own his house, and hold his shop, factory, or place of business jointly with those who work with him in it. Let everyone be free to issue money from his own mint without tax or stamp. Let all taxes on commodities be abolished, and patents and copyrights be things of the past. Try to imagine yourself under these promising conditions with life before you. You may start in business as a crossing sweeper, shopkeeper, collier, farmer, miller, banker, or what not. Whatever your choice may be, the first thing you find is that the reward of your labor depends far more on the situation in which you exercise it than on yourself. If you sweep the crossing between St. James's and Albemarle

<sup>1</sup> This is an inference from the following paragraph in Mr Tucker's article:

"Second in importance comes the land monopoly, the evil effects of which are seen principally in exclusively agricultural countries, like Ireland. This monopoly consists in the enforcement by government of land titles which do not rest on personal occupancy and cultivation. It was obvious to Warren and Proudhon that as soon as individuals should no longer be protected by their fellows in anything but personal occupation and cultivation of land, ground rent would disappear, and so usury have one less leg to stand on."

See also Mr Tucker's article entitled A Singular Misunderstanding, in *Liberty* of the 10th September 1892. "Regarding land," writes Mr Tucker, "it has been steadily maintained in these columns that protection should be withdrawn from all land titles except those based on personal occupancy and use."

<sup>2</sup> "Nor does the Anarchist scheme furnish any code of morals to be imposed on the individual. 'Mind your own business' is its only moral law."

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Streets you prosper greatly. But if you are forestalled not only there, but at every point more central than, say, the corner of Holford Square, Islington, you may sweep twice as hard as your rival in Piccadilly, and not take a fifth of his toll. At such a pass you may well curse Adam Smith and his principle that labor is the measure of price, and either advocate a democratically constituted State Socialist municipality, paying all its crossing sweepers equally, or else cast your broom upon the Thames and turn shopkeeper. Yet here again the same difficulty crops up. Your takings depend, not on yourself, but on the number of people who pass your window per hour. At Charing Cross or Cheapside fortunes are to be made: in the main street at Putney one can do enough to hold up one's head: further out, a thousand yards right or left of the Portsmouth Road, the most industrious man in the world may go whistle for a customer. Evidently retail shopkeeping is not the thing for a man of spirit after Charing Cross and Cheapside have been appropriated by occupying owners on the principle of first come first served. You must aspire then to wholesale dealing—nay, to banking. Alas! the difficulty is intensified beyond calculation. Take that financial trinity, Glyn, Mills, and Currie; transplant them only a few miles from Lombard Street; and they will soon be objects of pity to the traditional sailor who once presented at their counter a cheque for £25 and generously offered to take it in instalments, as he did not wish to be too hard on them all at once. Turning your back on banking, you meddle in the wheat trade, and end by offering to exchange an occupying ownership of all Salisbury Plain for permission to pay a rack rent for premises within hail of "The Baltic" and its barometer.

Probably there are some people who have a blind belief that crossing sweepers, "The Baltic," Lombard Street, and the like, are too utterly of the essence of the present system to survive the introduction of Anarchism. They will tell me that I am reading the conditions of the present into the future. Against such instinctive convictions it is vain to protest that I am reading only Mr Tucker's conditions. But at least there will be farming, milling, and mining, conducted by human agents, under Anarchism. Now

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the farmer will not find in his perfect Anarchist market two prices at one time for two bushels of wheat of the same quality; yet the labor cost of each bushel will vary considerably according to the fertility of the farm on which it was raised, and the proximity of that farm to the market. A good soil will often yield the strongest and richest grain to less labor per acre or per bushel than must be spent on land that returns a crop less valuable by five shillings a quarter. When all the best land is held by occupying owners, those who have to content themselves with poorer soils will hail the principle that labor is the measure of price with the thumb to the nose. Among the millers, too, there must needs be grievous mistrust of Proudhon and Josiah Warren. For of two men with equally good heart to work and machinery to work with, one may be on a stream that will easily turn six millstones; whilst the other, by natural default of water, or being cut off by his fellow higher up stream, may barely be able to keep two pairs of stones in gear, and may in a dry season be ready to tie these two about his neck and lie down under the scum of his pond. Certainly, he can defy drought by setting to work with a steam engine, steel rollers, and all the latest contrivances for squashing wheat into dust instead of grinding it into flour; yet, after all his outlay, he will not be able to get a penny a sack more for his stuff than his competitor, to whose water-wheel Nature is gratuitously putting her shoulder. "Competition everywhere and always" of his unaided strength against that of his rival he might endure; but to fight naked against one armed with the winds and waves (for there are windmills as well as watermills) is no sound justice, though it be sound Anarchism. And how would occupying ownership of mines work, when it is an easier matter to get prime Wallsend and Silkstone out of one mine than to get slates and steam fuel out of another, even after twenty years' preliminary shaft-sinking? Would Mr Tucker, if he had on sale from a rich mine some Silkstone that had only cost half as much labor as steam coal from a relatively poor one, boldly announce:—"Prices this day: Prime Silkstone, per ton, 25s.; best steam ditto, 50s. Terms, cash. Principles, those of Adam Smith—see *Wealth of Nations passim*"? Certainly not

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with "competition everywhere and always," unless custom was no object to him in comparison with principle.

It is useless to multiply instances. There is only one country in which any square foot of land is as favorably situated for conducting exchanges, or as richly endowed by Nature for production, as any other square foot; and the name of that country is Utopia. In Utopia alone, therefore, would occupying ownership be just. In England, America, and other places, rashly created without consulting the Anarchists, Nature is all caprice and injustice in dealing with Labor. Here you scratch her with a spade; and earth's increase and foison plenty are added to you. On the other side of the hedge twenty steam-diggers will not extort a turnip from her. Still less adapted to Anarchism than the fields and mines is the crowded city. The distributor flourishes where men love to congregate: his work is to bring commodities to men; but here the men bring themselves to the commodities. Remove your distributor a mile, and his carts and travellers must scour the country for customers. None know this better than the landlords. Up High Street, down Low Street, over the bridge and into Crow Street, the toilers may sweat equally for equal wages; but their product varies; and the ground rents vary with the product. Competition levels down the share kept by the worker as it levels up the hours of his labor; and the surplus, high or low according to the fertility of the soil or convenience of the site, goes as high rent or low rent, but always in the long run rack rent, to the owner of the land.

Now Mr Tucker's remedy for this is to make the occupier—the actual worker—the owner. Obviously the effect would be, not to abolish his advantage over his less favorably circumstanced competitors, but simply to authorize him to put it into his own pocket instead of handing it over to a landlord. He would then, it is true, be (as far as his place of business was concerned) a worker instead of an idler; but he would get more product as a manufacturer and more custom as a distributor than other equally industrious workers in worse situations. He could thus save faster than they, and retire from active service at an age when they

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would still have many years more work before them. His ownership of his place of business would of course lapse in favor of his successor the instant he retired. How would the rest of the community decide who was to be the successor—would they toss up for it, or fight for it, or would he be allowed to nominate his heir, in which case he would either nominate his son or sell his nomination for a large fine? Again, his retirement from his place of business would leave him still in possession, as occupying owner, of his private residence; and this might be of exceptional or even unique desirability in point of situation. It might, for instance, be built on Richmond Hill, and command from its windows the beautiful view of the Thames valley to be obtained from that spot. Now it is clear that Richmond Hill will not accommodate all the people who would rather live there than in the Essex marshes. It is easy to say, Let the occupier be the owner; but the question is, Who is to be the occupier? Suppose it were settled by drawing lots, what would prevent the winner from selling his privilege for its full (unearned) value under free exchange and omnipresent competition? To such problems as these, Individualist Anarchism offers no solution. It theorizes throughout on the assumption that one place in a country is as good as another.

Under a system of occupying ownership, rent would appear only in its primary form of an excess of the prices of articles over the expenses of producing them, thus enabling owners of superior land to get more for their products than cost price. If, for example, the worst land worth using were only one-third as productive as the best land, then the owner-occupiers of that best land would get in the market the labor cost of their wares three times over. This 200 per cent premium would be just as truly ground rent as if it were paid openly as such to the Duke of Bedford or the Astors. It may be asked why prices must go up to the expenses of production on the very worst land. Why not ascertain and charge the average cost of production taking good and bad land together?<sup>1</sup> Simply because nothing short of the maxi-

<sup>1</sup> This would of course be largely practicable under a Collectivist system.

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mum labor cost would repay the owners of the worst land. In fact, the worst land would not be cultivated until the price had risen. The process would be as follows. Suppose the need of the population for wheat were satisfied by crops raised from the best available land only. Free competition in wheat-producing would then bring the price down to the labor cost or expenses of production. Now suppose an increase of population sufficient to overtax the wheat-supplying capacity of the best land. The supply falling short of the demand, the price of wheat would rise. When it had risen to the labor cost of production from land one degree inferior to the best, it would be worth while to cultivate that inferior land. When that new source came to be overtaxed by the still growing population, the price would rise again until it would repay the cost of raising wheat from land yet lower in fertility than the second grade. But these descents would in nowise diminish the fertility of the best land, from which wheat could be raised as cheaply as before, in spite of the rise in the price, which would apply to all the wheat in the market, no matter where raised. That is, the holders of the best land would gain a premium, rising steadily with the increase of population, exactly as the landlord now enjoys a steadily rising rent.<sup>1</sup> As the agricultural industry is

<sup>1</sup> English readers need not baulk themselves here because of the late fall of agricultural rents in this country. Rent, in the economic sense, covers payment for the use of land for any purpose, agricultural or otherwise; and town rents have risen oppressively. A much more puzzling discrepancy between the facts and the theory is presented by the apparent absence of any upward tendency in the prices of general commodities. However, an article may be apparently no less cheap or even much cheaper than it was twenty years ago; and yet its price may have risen enormously relatively to its average cost of production, owing to the average cost of production having been reduced by machinery, higher organization of the labor of producing it, cheapened traffic with other countries, etc. Thus, in the cotton industry, machinery has multiplied each man's power of production eleven hundred times; and Sir Joseph Whitworth was quoted by the President of the Iron and Steel Institute some years ago as having declared that a Nottingham lace machine can do the work formerly done by 8000 lacemakers. The articles entitled Great Manufacture of Little Things, in Cassell's Technical Educator, may be consulted for examples of this sort in the pro-

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in this respect typical of all industries, it will be seen now that the price does not rise because worse land is brought into cultivation, but that worse land is brought into cultivation by the rise of price. Or, to put it in another way, the price of the commodity does not rise because more labor has been devoted to its production, but more labor is devoted to its production because the price has risen. Commodities, in fact, have a price before they are produced; we produce them expressly to obtain that price; and we cannot alter it by merely spending more or less labor on them. It is natural for the laborer to insist that labor *ought to be* the measure of price, and that the *just* wage of labor is its average product; but the first lesson he has to learn in economics is that labor is not and never can be the measure of price under a competitive system. Not until the progress of Socialism replaces competitive production and distribution, with individual greed for its incentive, by Collectivist production and distribution, with fair play all round for its incentive, will the prices either of labor or commodities represent their just value.

Thus we see that "competition everywhere and always" fails to circumvent rent whilst the land is held by competing occupiers who are protected in the individual ownership of what they can raise from their several holdings. And "the great principle laid

duction of pins, pens, etc. Suppose, then, that an article which cost, on the average, fivepence to make in 1850, was then sold for sixpence. If it be now selling for threepence, it is apparently twice as cheap as it was. But if the cost of production has also fallen to three-halfpence, which is by no means an extravagant supposition, then the price, considered relatively to the cost of production, has evidently risen prodigiously, since it is now twice the cost, whereas the cost was formerly five-sixths of the price. In other words, the surplus, or rent, per article, has risen from 16 $\frac{2}{3}$  per cent to 100 per cent, in spite of the apparent cheapening. This is the explanation of the fact that though the workers were probably never before so monstrously robbed as they are at present, it is quite possible for statisticians to prove that on the whole wages have risen and prices fallen. The worker, pleased at having only to pay threepence where he formerly paid sixpence, forgets that the share of his threepence that goes to an idler may be much larger than that which went out of each of the two threepences he paid formerly.

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down by Adam Smith," formulated by Josiah Warren as "Cost is the proper limit of price," turns out—since, in fact, price is the limit of cost—to be merely a preposterous way of expressing the fact that under Anarchism that small fraction of the general wealth which was produced under the least favorable circumstances would at least fetch its cost, whilst all the rest would fetch a premium which would be nothing but privately appropriated rent with an Anarchist mask on.

We see also that such a phrase as "the natural wage of labor is its product" is a misleading one, since labor cannot produce subsistence except when exercised upon natural materials and aided by natural forces external to man. And when it is so produced, its value in exchange depends in nowise on the share taken by labor in its production, but solely to the demand for it in society. The economic problem of Socialism is the just distribution of the premium given to certain portions of the general product by the action of demand. As Individualist Anarchism not only fails to distribute these, but deliberately permits their private appropriation, Individualist Anarchism is the negation of Socialism, and is, in fact, Unsocialism carried as near to its logical completeness as any sane man dare carry it.

## COMMUNIST ANARCHISM

State Socialism and Anarchism, says Mr Tucker, "are based on two principles, the history of whose conflict is almost equivalent to the history of the world since man came into it; and all intermediate parties, including that of the upholders of the existing society, are based upon a compromise between them." These principles are Authority—the State Socialist principle, and Liberty—the Anarchist principle. State Socialism is then defined as "the doctrine that all the affairs of men should be managed by the government, regardless of individual choice," whereas Anarchism is "the doctrine that all the affairs of men should be managed by individuals or voluntary associations, and that the State should be abolished."

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Now most revolutionists will admit that there was a stage in the growth of their opinions when the above seemed an adequate statement of the alternatives before them. But, as we have seen, when the Individualist Anarchist proceeds to reduce his principle to practice, he is inevitably led to Mr Tucker's program of "competition everywhere and always" among occupying owners, subject only to the moral law of minding their own business. No sooner is this formulated than its effect on the distribution of wealth is examined by the economist, who finds no trouble in convicting it, under the economic law of rent, of privilege, monopoly, inequality, unjust indirect taxation, and everything that is most repugnant to Anarchism. But this startling reverse, however it may put the Anarchist out of conceit with his program, does not in the least reconcile him to State Socialism. It only changes his mind on one point. Whilst his program satisfied him, he was content to admit that State Socialism was the only possible alternative to Individualist Anarchism—nay, he rather insisted on it, because the evils of the State Socialist alternative were strong incentives to the acceptance of the other. But the moment it becomes apparent that the one is economically as bad as the other, the disillusioned Individualist Anarchist becomes convinced of the insufficiency of his analysis of the social problem, and follows it up in order to find out a *tertium quid* or third system which shall collect and justly distribute the rent of the country, and yet prevent the collecting and distributing organ from acquiring the tyrannous powers of governments as we know them. There are two such systems at present before the world: Communism and Social Democracy. Now there is no such thing as Anarchist Social Democracy; but there is such a thing as Anarchist Communism or Communist Anarchism. It is true that Mr Tucker does not recognize the Communist Anarchist as an Anarchist at all: he energetically repudiates Communism as the uttermost negation of true Anarchism, and will not admit any logical halting place between thorough-going State Socialism and thoroughgoing Individualist Anarchism. But why insist on anybody occupying a logical halting place? We are all fond of shewing that on any

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given subject there are only two of these safe spots, one being the point of agreement with us, and the other some inconceivable extremity of idiocy. But for the purposes of the present criticism it will be more practical to waive such crude rationalizing, and concede that to deal with Mr Tucker without also dealing with Peter Kropotkin is not to give Anarchism fair play.

The main difficulty in criticizing Kropotkin lies in the fact that, in the distribution of generally needed labor products, his Communism is finally cheap and expedient, whereas Mr Tucker's Individualism, in the same department, is finally extravagant and impossible. Even under the most perfect Social Democracy we should, without Communism, still be living like hogs, except that each hog would get his fair share of grub. High as that ideal must seem to anyone who complacently accepts the present social order, it is hardly high enough to satisfy a man in whom the social instinct is well developed. So long as vast quantities of labor have to be expended in weighing and measuring each man's earned share of this and that commodity—in watching, spying, policing, and punishing in order to prevent Tom getting a crumb of bread more or Dick a spoonful of milk less than he has a voucher for, so long will the difference between Unsocialism and Socialism be only the difference between unscientific and scientific hoggishness. I do not desire to underrate the vastness of that difference. Whilst we are hogs, let us at least be well-fed, healthy, reciprocally useful hogs, instead of—well, instead of the sort we are at present. But we shall not have any great reason to stand on the dignity of our humanity until a just distribution of the loaves and fishes becomes perfectly spontaneous, and the great effort and expense of a legal distribution, however just, is saved. For my own part, I seek the establishment of a state of society in which I shall not be bothered with a ridiculous pocketful of coppers, nor have to waste my time in perplexing arithmetical exchanges of them with booking clerks, bus conductors, shopmen, and other superfluous persons before I can get what I need. I aspire to live in a community which shall be at least capable of averaging the transactions between us well enough to ascertain how

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much work I am to do for it in return for the right to take what I want of the commoner necessities and conveniences of life. The saving of friction by such an arrangement may be guessed from the curious fact that only specialists in sociology are conscious of the numerous instances in which we are today forced to adopt it by the very absurdity of the alternative. Most people will tell you that Communism is known only in this country as a visionary project advocated by a handful of amiable cranks. Then they will stroll off across the common bridge, along the common embankment, by the light of the common gas lamp shining alike on the just and the unjust, up the common street, and into the common Trafalgar Square, where, on the smallest hint on their part that Communism is to be tolerated for an instant in a civilized country, they will be handily bludgeoned by the common policeman, and haled off to the common gaol.<sup>1</sup> When you suggest to these people that the application of Communism to the bread supply is only an extension, involving no new principle, of its application to street lighting, they are bewildered. Instead of picturing the Communist man going to the common store, and thence taking his bread home with him, they instinctively imagine him bursting obstreperously into his neighbor's house and snatching the bread off his table on the "as much mine as yours" principle—which, however, has an equally sharp edge for the thief's throat in the form "as much yours as mine." In fact, the average Englishman is only capable of understanding Communism when it is explained as a state of things under which everything is paid for out of the taxes, and taxes are paid in labor. And even then he will sometimes say, "How about the brainwork?" and begin the usual novice's criticism of Socialism in general.

Now a Communist Anarchist may demur to such a definition of Communism as I have just given; for it is evident that if there are to be taxes, there must be some authority to collect those taxes. I will not insist on the odious word taxes; but I submit that

<sup>1</sup> Written in the 1887-92 period, during which Trafalgar Square was forcibly closed against public meetings by the Salisbury administration.

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if any article—bread, for instance—be communized, by which I mean that there shall be public stores of bread, sufficient to satisfy everybody, to which all may come and take what they need without question or payment, wheat must be grown, mills must grind, and bakers must sweat daily in order to keep up the supply. Obviously, therefore, the common bread store will become bankrupt unless every consumer of the bread contributes to its support as much labor as the bread he consumes costs to produce. Communism or no Communism, he must pay or else leave somebody else to pay for him. Communism will cheapen bread for him—will save him the cost of scales and weights, coin, book-keepers, counter-hands, policemen, and other expenses of private property; but it will not do away with the cost of the bread and the store. Now supposing that voluntary co-operation and public spirit prove equal to the task of elaborately organizing the farming, milling, and baking industries for the production of bread, how will these voluntary co-operators recover the cost of their operations from the public who are to consume their bread? If they are given powers to collect the cost from the public, and to enforce their demands by punishing non-payers for their dishonesty, then they at once become a State department levying a tax for public purposes; and the Communism of the bread supply becomes no more Anarchistic than our present Communistic supply of street lighting is Anarchistic. Unless the taxation is voluntary—unless the bread consumer is free to refuse payment without incurring any penalty save the reproaches of his conscience and his neighbors, the Anarchist ideal will remain unattained. Now the pressure of conscience and public opinion is by no means to be slighted. Millions of men and women, without any legal compulsion whatever, pay for the support of institutions of all sorts, from churches to tall hats, simply out of their need for standing well with their neighbors. But observe, this compulsion of public opinion derives most of its force from the difficulty of getting the wherewithal to buy bread without a reputation for respectability. Under Communism a man could snap his fingers at public opinion without starving for it. Besides, public opinion cannot for a

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moment be relied upon as a force which operates uniformly as a compulsion upon men to act morally. Its operation is for all practical purposes quite arbitrary, and is as often immoral as moral. It is just as hostile to the reformer as to the criminal. It hangs Anarchists and worships Nitrate Kings. It insists on a man wearing a tall hat and going to church, on his marrying the woman he lives with, and on his pretending to believe whatever the rest pretend to believe; and it enforces these ordinances in a sufficient majority of cases without help from the law: its tyranny, in fact, being so crushing that its little finger is often found to be thicker than the law's loins. But there is no sincere public opinion that a man should work for his daily bread if he can get it for nothing. Indeed it is just the other way: public opinion has been educated to regard the performance of daily manual labor as the lot of the despised classes. The common aspiration is to acquire property and leave off working. Even members of the professions rank below the independent gentry, so called because they are independent of their own labor. These prejudices are not confined to the middle and upper classes: they are rampant also among the workers. The man who works nine hours a day despises the man who works sixteen. A country gentleman may consider himself socially superior to his solicitor or his doctor; but they associate on much more cordial terms than shopmen and carmen, engine drivers and railway porters, bricklayers and hodmen, barmaids and general servants. One is almost tempted in this country to declare that the poorer the man the greater the snob, until you get down to those who are so oppressed that they have not enough self-respect even for snobbery, and thus are able to pluck out of the heart of their misery a certain irresponsibility which it would be a mockery to describe as genuine frankness and freedom. The moment you rise into the higher atmosphere of a pound a week, you find that envy, ostentation, tedious and insincere ceremony, love of petty titles, precedences and dignities, and all the detestable fruits of inequality of condition, flourish as rankly among those who lose as among those who gain by it. In fact the notion that poverty favors virtue was clearly invented to

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persuade the poor that what they lost in this world they would gain in the next.

Kropotkin, too optimistically, as I think, disposes of the average man by attributing his unsocialism to the pressure of the corrupt system under which he groans. Remove that pressure, and he will think rightly, says Kropotkin. But if the natural man be indeed social as well as gregarious, how did the corruption and oppression under which he groans ever arise? Could the institution of property as we know it ever have come into existence unless nearly every man had been, not merely willing, but openly and shamelessly eager to quarter himself idly on the labor of his fellows, and to domineer over them whenever the mysterious workings of economic law enabled him to do so? It is useless to think of man as a fallen angel. If the fallacies of absolute morality are to be admitted in the discussion at all, he must be considered rather as an obstinate and selfish devil, who is being slowly forced by the iron tyranny of Nature to recognize that in disregarding his neighbor's happiness he is taking the surest way to sacrifice his own. And under the present system he never can learn that lesson thoroughly, because he is an inveterate gambler, and knows that the present system gives him a chance, at odds of a hundred thousand to one or so against him, of becoming a millionaire, a condition which is to him the summit of earthly bliss, as from it he will be able to look down upon those who formerly bullied and patronized him. All this may sound harsh, especially to those who know how wholesomely real is the workman's knowledge of life compared to that of the gentleman, and how much more genuinely sympathetic he is in consequence. Indeed, it is obvious that if four-fifths of the population were habitually to do the utter worst in the way of selfishness that the present system invites them to do, society would not stand the strain for six weeks. So far we can claim to be better than our institutions. But the fact that we are too good for complete Unsocialism by no means proves that we are good enough for Communism. The practical question remains, Could men trained under our present system be trusted to pay for their food scrupulously if they could

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take it for nothing with impunity? Clearly, if they did not so pay, Anarchist Communism would be bankrupt in two days. The answer is that all the evils against which Anarchism is directed are caused by men taking advantage of the institution of property to do this very thing—seize their subsistence without working for it. What reason is there for doubting that they would attempt to take exactly the same advantage of Anarchist Communism? And what reason is there to doubt that the community, finding its bread store bankrupt, would instantly pitch its Anarchism to the four winds, and come down on the defaulters with the strong hand of the law to make them pay, just as they are now compelled to pay their Income Tax? I submit, then, to our Communist Anarchist friends that Communism requires either external compulsion to labor, or else a social morality which the evils of existing society shew that we have failed as yet to attain. I do not deny the possibility of the final attainment of that degree of moralization; but I contend that the path to it lies through a transition system which, instead of offering fresh opportunities to men of getting their living idly, will destroy those opportunities altogether, and wean us from the habit of regarding such an anomaly as possible, much less honorable.

It must not be supposed that the economic difficulties which I pointed out as fatal to Individualist Anarchism are entirely removed by Communism. It is true that if all the bread and coal in the country were thrown into a common store from which each man could take as much as he wanted whenever he pleased without direct payment, then no man could gain any advantage over his fellows from the fact that some farms and some coal-mines are better than others. And if every man could step into a train and travel whither he would without a ticket, no individual could speculate in the difference between the traffic from Charing Cross to the Mansion House and that from Ryde to Ventnor. One of the great advantages of Communism will undoubtedly be that huge masses of economic rent will be socialized by it automatically. All rent arising from the value of commodities in general use which can be produced, consumed, and replaced at the will

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of man to the full extent to which they are wanted, can be made rent-free by communizing them. But there must remain outside this solution, first, the things which are not in sufficiently general use to be communized at all; second, things of which an unlimited free supply might prove a nuisance, such as gin or printing; and thirdly, things for which the demand exceeds the supply. The last is the instance in which the rent difficulty recurs. It would take an extraordinary course of demolition, reconstruction, and landscape gardening to make every dwelling house in London as desirable as a house in Park Lane, or facing Regent's Park, or overlooking the Embankment Gardens. And since everybody cannot be accommodated there, the exceptionally favored persons who occupy those sites will certainly be expected to render an equivalent for their privilege to those whom they exclude. Without this there would evidently be no true socialization of the habitation of London. This means, in practice, that a public department must let the houses out to the highest bidders, and collect the rents for public purposes. Such a department can hardly be called Anarchistic, however democratic it may be. I might go on to enlarge considerably on the limits to the practicability of direct Communism, which varies from commodity to commodity; but one difficulty, if insurmountable, is as conclusive as twenty.

It is sufficient for our present purpose to have shewn that Communism cannot be ideally Anarchistic, because it does not in the least do away with the necessity for *compelling* people to pay for what they consume; and even when the growth of human character removes that difficulty there will still remain the question of those commodities to which the simple Communist method of so-called "free distribution" is inapplicable. One practical point more requires a word; and that is the difficulty of communizing any branch of distribution without first collectivizing it. For instance, we might easily communize the postal service by simply announcing that in future letters would be carried without stamps just as they are now with them, the cost being thrown entirely upon imperial taxation. But if the postal service were,

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like most of our distributive business, in the hands of thousands of competing private traders, no such change would be directly possible. Communism must grow out of Collectivism, not out of anarchic private enterprise. That is to say, it cannot grow directly out of the present system.

But must the transition system therefore be a system of despotic coercion? If so, it will be wrecked by the intense impulse of men to escape from the domination of their own kind. In 1888 a Russian subject, giving evidence before the Sweating Inquiry in the House of Lords, declared that he left the Russian dominion, where he worked thirteen hours a day, to work eighteen hours in England, *because he is freer here*. Reason is dumb when confronted with a man who, exhausted with thirteen hours' toil, will turn to for another five hours for the sake of being free to say that Mr Gladstone is a better man than Lord Salisbury, and to read Mill, Spencer, and Reynolds's Newspaper in the six hours left to him for sleep. It brings to mind the story of the American judge who tried to induce a runaway slave to return to the plantation by pointing out how much better he was treated there than the free wage-nigger of the Abolitionist states. "Yes," said the runaway; "but would you go back if you were in my place?" The judge turned Abolitionist at once. These things are not to be reasoned away. Man will submit to fate, circumstance, society, anything that comes impersonally over him; but against the personal oppressor, whether parent, schoolmaster, overseer, official chief, or king, he eternally rebels. Like the Russian, he will rather be compelled by "necessity" to *agree to* work eighteen hours, than ordered by a master to work thirteen. No modern nation, if deprived of personal liberty or national autonomy, would stop to think of its economic position. Establish a form of Socialism which shall deprive the people of their sense of personal liberty; and, though it double their rations and halve their working hours, they will begin to conspire against it before it is a year old. We only disapprove of monopolists; we *hate* masters.

Then, since we are too dishonest for Communism without

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taxation or compulsory labor, and too insubordinate to tolerate task work under personal compulsion, how can we order the transition so as to introduce just distribution without Communism, and maintain the incentive to labor without mastership? The answer is, by Democracy. And now, having taken a positive attitude at last, I must give up criticizing the Anarchists, and defend Democracy against *their* criticisms.

### DEMOCRACY

I now, accordingly, return to Mr Tucker's criticism of State Socialism, which, for the sake of precision, had better be called Social Democracy. There is a Socialism—that of Bismarck; of the extinct young England party; of the advocates of moralized feudalism; and of mob contemners generally—which is not Social Democracy, but Social Despotism, and may be dismissed as essentially no more hopeful than a system of Moralized Criminality, Abstemious Gluttony, or Straightforward Mendacity would be. Mr Tucker, as an American, passes it over as not worth powder and shot: he clearly indicates a democratic State by his repeated references to the majority principle, and in particular by his assertion that "there would be but one article in the constitution of a State Socialistic country: 'The right of the majority is absolute.'" Having thus driven Democracy back on its citadel, he proceeds to cannonade it as follows:

"Under the system of State Socialism, which holds the community responsible for the health, wealth, and wisdom of the individual, the community, through its majority expression, will insist more and more on prescribing the conditions of health, wealth, and wisdom, thus impairing and finally destroying individual independence and with it all sense of individual responsibility.

"Whatever, then, the State Socialists may claim or disclaim, their system, if adopted, is doomed to end in a State religion, to the expense of which all must contribute and at the altar of which all must kneel; a State school of medicine, by whose practitioners

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the sick must invariably be treated; a State system of hygiene, prescribing what all must and must not eat, drink, wear, and do; a State code of morals, which will not content itself with punishing crime, but will prohibit what the majority decide to be vice; a State system of instruction, which shall do away with all private schools, academies, and colleges; a State nursery, in which all children must be brought up in common at the public expense; and, finally, a State family, with an attempt at stirpiculture, or scientific breeding, in which no man or woman will be allowed to have children if the State prohibits them, and no man or woman can refuse to have children if the State orders them. Thus will Authority achieve its acme and Monopoly be carried to its highest power."

In reading this one is reminded of Mr Herbert Spencers' habit of assuming that whatever is not white must be black. Mr Tucker, on the ground that "it has ever been the tendency of power to add to itself, to enlarge its sphere, to encroach beyond the limits set for it," admits no alternative to the total subjection of the individual, except the total abolition of the State. If matters really could and did come to that I am afraid the individual would have to go under in any case; for the total abolition of the State in this sense means the total abolition of the collective force of Society, to abolish which it would be necessary to abolish Society itself. There are two ways of doing this. One, the abolition of the individuals composing society, could not be carried out without an interference with their personal claims much more serious than that required, even on Mr Tucker's shewing, by Social Democracy. The other, the dispersion of the human race into independent hermitages over the globe at the rate of twenty-five to the square mile, would give rise to considerable inequality of condition and opportunity as between the hermits of Terra del Fuego or the Arctic regions and those of Florida or the Riviera, and would suit only few temperaments. The dispersed units would soon re-associate; and the moment they did so, good-bye to the sovereignty of the individual. If the majority believed in an angry and jealous God, then, State or no State, they would not permit

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an individual to offend that God and bring down his wrath upon them; they would rather stone and burn the individual in propitiation. They would not suffer the individual to go naked among them; and if he clothed himself in an unusual way which struck them as being ridiculous or scandalous, they would laugh at him; refuse him admission to their feasts; object to be seen talking with him in the streets; and perhaps lock him up as a lunatic. They would not allow him to neglect sanitary precautions which they believed essential to their own immunity from zymotic disease. If the family were established among them as it is established among us, they would not suffer him to intermarry within certain degrees of kinship. Their demand would so rule the market that in most places he would find no commodities in the shops except those preferred by a majority of the customers; no schools except those conducted in accordance with the ideas of the majority of parents; no experienced doctors except those whose qualifications inspired confidence in a whole circle of patients. This is not "the coming slavery" of Social Democracy: it is the slavery already come. What is more, there is nothing in the most elaborately negative practical program yet put forward by Anarchism that offers the slightest mitigation of it. That in comparison with ideal irresponsible absolute liberty it is slavery, cannot be denied. But in comparison with the slavery of Robinson Crusoe, which is the most Anarchistic alternative Nature, our taskmistress, allows us, it is pardonably described as "freedom." Robinson Crusoe, in fact, is always willing to exchange his unlimited rights and puny powers for the curtailed rights and relatively immense powers of the "slave" of majorities. For if the individual chooses, as in most cases he will, to believe and worship as his fellows do, he finds temples built and services organized at a cost to himself which he hardly feels. The clothes, the food, the furniture which he is most likely to prefer are ready for him in the shops; the schools in which his children can be taught what their fellow citizens expect them to know are within fifteen minutes' walk of his door; and the red lamp of the most approved pattern of doctor shines reassuringly at the corner of the street.

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He is free to live with the women of his family without suspicion or scandal; and if he is not free to marry them, what does that matter to him, since he does not wish to marry them? And so happy man be his dole, in spite of his slavery.

"Yes," cries some eccentric individual; "but all this is untrue of me. I want to marry my deceased wife's sister. I am prepared to prove that your authorized system of medicine is nothing but a debased survival of witchcraft. Your schools are machines for forcing spurious learning on children in order that your universities may stamp them as educated men when they have finally lost all power to think for themselves. The tall silk hats and starched linen shirts which you force me to wear, and without which I cannot successfully practise as a physician, clergyman, schoolmaster, lawyer, or merchant, are inconvenient, unsanitary, ugly, pompous, and offensive. Your temples are devoted to a God in whom I do not believe; and even if I did believe in him I should still regard your popular forms of worship as only redeemed from gross superstition by their obvious insincerity. Science teaches me that my proper food is good bread and good fruit: your boasted food supply offers me cows and pigs instead. Your care for my health consists in tapping the common sewer, with its deadly typhoid gases, into my house, besides discharging its contents into the river, which is my natural bath and fountain. Under color of protecting my person and property you forcibly take my money to support an army of soldiers and policemen for the execution of barbarous and detestable laws; for the waging of wars which I abhor; and for the subjection of my person to those legal rights of property which compel me to sell myself for a wage to a class the maintenance of which I hold to be the greatest evil of our time. Your tyranny makes my very individuality a hindrance to me: I am outdone and outbred by the mediocre, the docile, the time-serving. Evolution under such conditions means degeneracy: therefore I demand the abolition of all these officious compulsions, and proclaim myself an Anarchist."

The proclamation is not surprising under the circumstances; but it does not mend the matter in the least, nor would it if every

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person were to repeat it with enthusiasm, and the whole people to fly to arms for Anarchism. The majority cannot help its tyranny even if it would. The giant Winkelmeier must have found our doorways inconvenient, just as men of five feet or less find the slope of the floor in a theatre not sufficiently steep to enable them to see over the heads of those in front. But whilst the average height of a man is 5 ft. 8 in. there is no redress for such grievances. Builders will accommodate doors and floors to the majority, and not to the minority. For since either the majority or the minority must be incommoded, evidently the more powerful must have its way. There may be no indisputable reason why it ought; and any clever Tory can give excellent reasons why it ought not; but the fact remains that it will, whether it ought or not. And this is what really settles the question as between democratic majorities and minorities. Where their interests conflict, the weaker side must go to the wall, because, as the evil involved is no greater than that of the stronger going to the wall,<sup>1</sup> the majority is not restrained by any scruple from compelling the weaker to give way.

In practice, this does not involve either the absolute power of majorities, or "the infallibility of the odd man." There are some matters in which the course preferred by the minority in no way obstructs that preferred by the majority. There are many more in which the obstruction is easier to bear than the cost of suppressing it. For it costs something to suppress even a minority of one. The commonest example of that minority is the lunatic with a delusion; yet it is found quite safe to entertain dozens of delusions, and be generally an extremely selfish and troublesome idiot, in spite of the power of majorities; for until you go so far that it clearly costs less to lock you up than to leave you at large, the

<sup>1</sup> The evil is decidedly *less* if the calculation proceeds by the popular method of always estimating an evil suffered by a hundred persons as a hundred times as great as the same evil suffered by only one. This, however, is absurd. A hundred starving men are not a hundred times as hungry as one starving man, any more than a hundred five-foot-eight men are each five hundred and sixty-six feet eight inches high. But they are a hundred times as strong a political force. Though the evil may not be cumulative, the power to resist it is.

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majority will not take the trouble to set itself in action against you. Thus a minimum of individual liberty is secured, under any system, to the smallest minority. It is true that as minorities grow, they sometimes, in forfeiting the protection of insignificance, lose more in immunity than they gain in numbers; so that probably the weakest minority is not the smallest, but rather that which is too large to be disregarded and too weak to be feared; but before and after that dangerous point is weathered, minorities wield considerable power. The notion that they are ciphers because the majority could vanquish them in a trial of strength leaves out of account the damage they could inflict on the victors during the struggle. Ordinarily an unarmed man weighing thirteen stone can beat one weighing only eleven; but there are very few emergencies in which it is worth his while to do it, because if the weaker man resists to the best of his ability (which is always possible) the victor will be considerably worse off after the fight than before it. In 1861 the Northern and Southern States of America fought, as prize-fighters say, "to a finish"; and the North carried its point, yet at such a heavy cost to itself that the Southern States have by no means been reduced to ciphers; for the victorious majority have ever since felt that it would be better to give way on any but the most vital issues than to provoke such another struggle. But it is not often that a peremptory question arises between a majority and minority of a whole nation. In most matters only a fragment of the nation has any interest one way or the other; and the same man who is in a majority on one question is in a minority on another, and so learns by experience that minorities have "rights" which must be attended to. Minorities, too, as in the case of the Irish Party in the English Parliament, occasionally hold the balance of power between majorities which recognize their rights and majorities which deny them. Further, it is possible by decentralization to limit the power of the majority of the whole nation to questions upon which a divided policy is impracticable. For example, it is not only possible, but democratically expedient, to federate the municipalities of England in such a manner that Leicester might make

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vaccination penal whilst every other town in the island made it compulsory. Even at present, vaccination is not in fact compulsory in Leicester, though it is so in law. Theoretically, Leicester has been reduced to a cipher by the rest of England. Practically, Leicester counts twelve to the dozen as much as ever in purely local affairs.

In short, then, Democracy does not give majorities absolute power, nor does it enable them to reduce minorities to ciphers. Such limited power of coercing minorities as majorities must possess, is not given to them by Democracy any more than it can be taken away from them by Anarchism. A couple of men are stronger than one: that is all. There are only two ways of neutralizing this natural fact. One is to convince men of the immorality of abusing the majority power, and then to make them moral enough to refrain from doing it on that account. The other is to realize Lytton's fancy of *vril* by inventing a means by which each individual will be able to destroy all his fellows with a flash of thought, so that the majority may have as much reason to fear the individual as he to fear the majority. No method of doing either is to be found in Individualist or Communist Anarchism: consequently these systems, as far as the evils of majority tyranny are concerned, are no better than the Social-Democratic program of adult suffrage with maintenance of representatives and payment of polling expenses from public funds—faulty devices enough, no doubt, but capable of accomplishing all that is humanly possible at present to make the State representative of the nation; to make the administration trustworthy; and to secure the utmost power to each individual and consequently to minorities. What better can we have whilst collective action is inevitable? Indeed, in the mouths of the really able Anarchists, Anarchism means simply the utmost attainable thoroughness of Democracy. Kropotkin, for example, speaks of free development from the simple to the composite by “the free union of free groups”; and his illustrations are “the societies for study, for commerce, for pleasure and recreation” which have sprung up to meet the varied requirements of the individual of our age. But in every one of

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these societies there is government by a council elected annually by a majority of voters; so that Kropotkin is not at all afraid of the democratic machinery and the majority power. Mr Tucker speaks of “voluntary association,” but gives no illustrations, and indeed avows that “Anarchists are simply unterrified Jeffersonian Democrats.” He says, indeed, that “if the individual has a right to govern himself, all external government is tyranny”; but if governing oneself means doing what one pleases without regard to the interests of neighbors, then the individual has flatly no such right. If he has no such right, the interference of his neighbors to make him behave socially, though it is “external government,” is not tyranny; and even if it were they would not refrain from it on that account. On the other hand, if governing oneself means compelling oneself to act with a due regard to the interests of the neighbors, then it is a right which men are proved incapable of exercising without external government. Either way, the phrase comes to nothing; for it would be easy to shew by a little play upon it, either that altruism is really external government or that democratic State authority is really self-government.

Mr Tucker’s adjective, “voluntary,” as applied to associations for defence or the management of affairs, must not be taken as implying that there is any very wide choice open in these matters. Such association is really compulsory, since if it be forgone affairs will remain unmanaged and communities defenceless. Nature makes short work of our aspirations towards utter impunity. She leaves communities in no wise “free” to choose whether they will labor and govern themselves. It is either that or starvation and chaos. Her tasks are inexorably set: her penalties are inevitable: her payment is strictly “payment by results.” All the individual can do is to shift and dodge his share of the task on to the shoulders of others, or filch some of their “natural wage” to add to his own. If they are fools enough to suffer it, that is their own affair as far as Nature is concerned. But it is the aim of Social Democracy to relieve these fools by throwing on all an equal share in the inevitable labor imposed by the eternal tyranny of Nature, and so secure to every individual no less than his equal

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quota of the nation's product in return for no more than his equal quota of the nation's labor. These are the best terms humanity can make with its tyrant. In the eighteenth century it was easy for the philosophers and for Adam Smith to think of this rule of Nature as being "natural liberty" in contrast to the odious and stupid oppression of castes, priests, and kings—the detested "dominion of man over man." But we, in detecting the unsoundness of Adam Smith's private property and *laissez-faire* recipe for natural liberty, begin to see that though there is political liberty, there is no natural liberty, but only natural law remorselessly enforced. And so we shake our heads when we see **LIBERTY** on the title-page of Mr Tucker's paper, just as we laugh when we see **THE COMING SLAVERY** on Mr Herbert Spencer's **Man and the State**.

We can now begin to join the threads of our discussion. We have seen that private appropriation of land in any form, whether limited by Individualist Anarchism to occupying owners or not, means the unjust distribution of a vast fund of social wealth called rent, which can by no means be claimed as due to the labor of any particular individual or class of individuals. We have seen that Communist Anarchism, though it partly—and only partly—avoids the rent difficulty, is, in the condition of morals developed under existing Unsocialism, impracticable. We have seen that the delegation of individual powers by voting; the creation of authoritative public bodies; the supremacy of the majority in the last resort; and the establishment and even endowment, either directly and officially or indirectly and unconsciously, of conventional forms of practice in religion, medicine, education, food, clothing, and criminal law, are, whether they be evils or not, inherent in society itself, and must be submitted to with the help of such protection against their abuse as democratic institutions more than any others afford. When Democracy fails, there is no antidote for intolerance save the spread of better sense. No form of Anarchism yet suggested provides any escape. Like bad weather in winter, intolerance does much mischief; but as, when we have done our best in the way of overcoats, umbrellas, and

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good fires, we have to put up with the winter; so, when we have done our best in the way of Democracy, decentralization, and the like, we must put up with the State.

## THE ANARCHIST SPIRIT

I suppose I must not leave the subject without a word as to the value of what I will call the Anarchist spirit as an element in progress. But before I do so, let me disclaim all intention of embarrassing our Anarchist friends whc are present by any sympathy which I may express with that spirit. On the Continent the discussion between Anarchism and Social Democracy is frequently threshed out with the help of walking-sticks, chair-legs, and even revolvers. In England this does not happen, because the majority of an English audience always declines to take an extreme position, and, out of an idle curiosity to hear both sides, will, on sufficient provocation, precipitately eject theorists who make a disturbance, without troubling itself to discriminate as to the justice of their views. When I had the privilege some time ago of debating publicly with Mr G. W. Foote on the Eight Hours question, a French newspaper which dealt with the occasion at great length devoted a whole article to an expression of envious astonishment at the fact that Mr Foote and I abstained from vilifying and finally assaulting one another, and that our partizans followed our shining example and did not even attempt to prevent each other's champions from being heard. Still, if we do not permit ourselves to merge Socialism, Anarchism, and all the other isms into rowdyism, we sometimes debate our differences, even in this eminently respectable Fabian Society, with considerable spirit. Now far be it from me to disarm the Anarchist debater by paying him compliments. On the contrary, if we have here any of those gentlemen who make it their business to denounce Social Democrats as misleaders of the people and trimmers; who declaim against all national and municipal projects, and clamor for the abolition of Parliaments and County Councils; who call for a desperate resistance to rent, taxes, representative

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government and organized collective action of every sort: then I invite them to regard me as their inveterate opponent—as one who regards such doctrine, however sincerely it may be put forward, as at best an encouragement to the workers to neglect doing what is possible under pretext of waiting for the impossible, and at worst as furnishing the reactionary newspapers in England, and the police agents on the Continent, with evidence as to the alleged follies and perils of Socialism. But at the same time, it must be understood that I do not stand here to defend the State as we know it. Bakounin's comprehensive aspiration to destroy all States and Established Churches, with their religious, political, judicial, financial, criminal, academic, economic, and social laws and institutions, seems to me perfectly justifiable and intelligible from the point of view of the ordinary "educated man," who believes that institutions make men instead of men making institutions. I fully admit and vehemently urge that the State at present is simply a huge machine for robbing and slave-driving the poor by brute force. You may, if you are a stupid or comfortably-off person, think that the policeman at the corner is the guardian of law and order—that the gaol, with those instruments of torture, the treadmill, plank bed, solitary cell, cat-o'-nine-tails, and gallows, is a place to make people cease to do evil and learn to do well. But the primary function of the policeman, and that for which his other functions are only blinds, is to see that you do not lie down to sleep in this country without paying an idler for the privilege; that you do not taste bread until you have paid the idler's toll in the price of it; that you do not resist the starving blackleg who is dragging you down to his level for the idler's profit by offering to do your work for a starvation wage. Attempt any of these things, and you will be haled off and tortured in the name of law and order, honesty, social equilibrium, safety of property and person, public duty, Christianity, morality, and what not, as a vagrant, a thief, and a rioter. Your soldier, ostensibly a heroic and patriotic defender of his country, is really an unfortunate man driven by destitution to offer himself as food for powder for the sake of regular rations, shelter,

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and clothing; and he must, on pain of being arbitrarily imprisoned, punished with petty penances like a naughty child, pack-drilled, flogged, or shot, all in the blessed name of "discipline," do anything he is ordered to, from standing in his red coat in the hall of an opera house as a mere ornament, to flogging his comrade or committing murder. And *his* primary function is to come to the rescue of the policeman when the latter is over-powered. Members of Parliament whose sole qualifications for election were £1000 loose cash, an "independent" income, and a vulgar strain of ambition; parsons quoting scripture for the purposes of the squire; lawyers selling their services to the highest bidder at the bar, and maintaining the supremacy of the moneyed class on the bench; juries of employers masquerading as the peers of proletarians in the dock; University professors elaborating the process known as the education of a gentleman; artists striving to tickle the fancy or flatter the vanity of the aristocrat or plutocrat; workmen doing their work as badly and slowly as they dare so as to make the most of their job; employers starving and overworking their hands and adulterating their goods as much as *they* dare: these are the actual living material of those imposing abstractions known as the State, the Church, the Law, the Constitution, Education, the Fine Arts, and Industry. Every institution, as Bakounin saw, religious, political, financial, judicial, and so on, is corrupted by the fact that the men in it either belong to the propertied class themselves or must sell themselves to it in order to live. All the purchasing power that is left to buy men's souls with after their bodies are fed is in the hands of the rich; and everywhere, from the Parliament which wields the irresistible coercive forces of the bludgeon, bayonet, machine gun, dynamite shell, prison, and scaffold, down to the pettiest centre of shabby-genteel social pretension, the rich pay the piper and call the tune. Naturally, they use their power to steal more money to continue paying the piper; and thus all society becomes a huge conspiracy and hypocrisy. The ordinary man is insensible to the fraud just as he is insensible to the taste of water, which, being constantly in contact with his mucous membrane, seems to have no taste

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at all. The villainous moral conditions on which our social system is based are necessarily in constant contact with our moral mucous membrane, and so we lose our sense of their omnipresent meanness and dishonor. The insensibility, however, is not quite complete; for there is a period in life which is called the age of disillusion, which means the age at which a man discovers that his generous and honest impulses are incompatible with success in business; that the institutions he has reverenced are shams; and that he must join the conspiracy or go to the wall, even though he feels that the conspiracy is fundamentally ruinous to himself and his fellow-conspirators. The secret of writers like Ruskin, Morris, and Kropotkin is that they see the whole imposture through and through, in spite of its familiarity, and of the illusions created by its temporal power, its riches, its splendor, its prestige, its intense respectability, its unremitting piety, and its high moral pretension. But Kropotkin, as I have shewn, is really an advocate of free Democracy; and I venture to suggest that he describes himself as an Anarchist rather from the point of view of the Russian recoiling from a despotism compared to which Democracy seems to be no government at all, than from the point of view of the American or Englishman who is free enough already to begin grumbling over Democracy as "the tyranny of the majority" and "the coming slavery." I suggest this with the more confidence because William Morris's views are largely identical with those of Kropotkin: yet Morris, after patient and intimate observation of Anarchism as a working propaganda in England, has definitely dissociated himself from it, and has shewn, by his sketch of the communist folk-mote in his *News from Nowhere*, how sanely alive he is to the impossibility of any development of the voluntary element in social action sufficient to enable individuals or minorities to take public action without first obtaining the consent of the majority.

On the whole, then, I do not regard the extreme hostility to existing institutions which inspires Communist Anarchism as being a whit more dangerous to Social Democracy than the same spirit as it inspires the peculiar Toryism of Ruskin. Much

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more definitely opposed to us is the survival of that intense jealousy of the authority of the government over the individual which was the mainspring of the progress of the eighteenth century. Only those who forget the lessons of history the moment they have served their immediate turn will feel otherwise than reassured by the continued vitality of that jealousy among us. But this consideration does not remove the economic objections which I have advanced as to the practical program of Individualist Anarchism. And even apart from these objections, the Social Democrat is compelled, by contact with hard facts, to turn his back decisively on useless denunciation of the State. It is easy to say, Abolish the State; but the State will sell you up, lock you up, blow you up, knock you down, bludgeon, shoot, stab, hang—in short, abolish you, if you lift a hand against it. Fortunately, there is, as we have seen, a fine impartiality about the policeman and the soldier, who are the cutting edge of the State power. They take their wages and obey their orders without asking questions. If those orders are to demolish the homestead of every peasant who refuses to take the bread out of his children's mouths in order that his landlord may have money to spend as an idle gentleman in London, the soldier obeys. But if his orders were to help the police to pitch his lordship into Holloway Gaol until he had paid an Income Tax of twenty shillings on every pound of his unearned income, the soldier would do that with equal devotion to duty, and perhaps with a certain private zest that might be lacking in the other case. Now these orders come ultimately from the State—meaning, in this country, the House of Commons. A House of Commons consisting of 660 gentlemen and 10 workmen will order the soldier to take money from the people for the landlords. A House of Commons consisting of 660 workmen and 10 gentlemen will probably, unless the 660 are fools, order the soldier to take money from the landlords for the people. With this hint I leave the matter, in the full conviction that the State, in spite of the Anarchists, will continue to be used against the people by the classes until it is used by the people against the classes with equal ability and equal resolution.



**SOCIALISM FOR MILLIONAIRES**  
**(1896)**



# SOCIALISM FOR MILLIONAIRES

(*From the Contemporary Review, February 1896*)

## THE SORROWS OF THE MILLIONAIRE

THE millionaire class, a small but growing one, into which any of us may be flung tomorrow by the accidents of commerce, is perhaps the most neglected in the community. As far as I know, this is the first Tract that has ever been written for millionaires. In the advertisements of the manufactures of the country I find that everything is produced for the million and nothing for the millionaire. Children, boys, youths, "gents," ladies, artizans, professional men, even peers and kings are catered for; but the millionaire's custom is evidently not worth having: there are too few of him. Whilst the poorest have their Rag Fair, a duly organized and busy market in Houndsditch, where you can buy a boot for a penny, you may search the world in vain for the market where the £50 boot, the special dear line of hats at forty guineas, the cloth of gold bicycling suit, and the Cleopatra claret, four pearls to the bottle, can be purchased wholesale. Thus the unfortunate millionaire has the responsibility of prodigious wealth without the possibility of enjoying himself more than any ordinary rich man. Indeed, in many things he cannot enjoy himself more than many poor men do, nor even so much; for a drum-major is better dressed; a trainer's stable-lad often rides a better horse; the first-class carriage is shared by office-boys taking their young ladies out for the evening; everybody who goes down to Brighton for Sunday rides in the Pullman car; and of what use is it to be able to pay for a peacock's-brain sandwich when there is nothing to be had but ham or beef? The injustice of this state of things has not been sufficiently considered. A man with an income of £25 a year can multiply his comfort beyond all calculation by doubling his income. A man with £50 a year can at least quadruple his comfort by doubling his income. Probably up to even £250 a year doubled income means doubled

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comfort. After that the increment of comfort grows less in proportion to the increment of income until a point is reached at which the victim is satiated and even surfeited with everything that money can procure. To expect him to enjoy another hundred thousand pounds because men like money, is exactly as if you were to expect a confectioner's shopboy to enjoy two hours more work a day because boys are fond of sweets. What can the wretched millionaire do that needs a million? Does he want a fleet of yachts, a Rotten Row full of carriages, an army of servants, a whole city of town houses, or a continent for a game preserve? Can he attend more than one theatre in one evening, or wear more than one suit at a time, or digest more meals than his butler? Is it a luxury to have more money to take care of, more begging letters to read, and to be cut off from those delicious Alnaschar dreams in which the poor man, sitting down to consider what he will do in the always possible event of some unknown relative leaving him a fortune, forgets his privation? And yet there is no sympathy for this hidden sorrow of plutocracy. The poor alone are pitied. Societies spring up in all directions to relieve all sorts of comparatively happy people, from discharged prisoners in the first rapture of their regained liberty to children revelling in the luxury of an unlimited appetite; but no hand is stretched out to the millionaire, except to beg. In all our dealings with him lies implicit the delusion that *he* has nothing to complain of, and that he ought to be ashamed of rolling in wealth whilst others are starving.

## MILLIONAIRES LESS THAN EVER ABLE TO SPEND THEIR MONEY ON THEMSELVES

And please remember that his plight is getting worse and worse with the advance of civilization. The capital, the energy, the artistic genius that used to train themselves for the supply of beautiful things to rich men, now turn to supply the needs of the gigantic proletariats of modern times. It is more profitable to add an ironmongery department to a Westbourne Grove

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emporium than it was to be a Florentine armorer in the fifteenth century. The very millionaire himself, when he becomes a railway director, is forced to turn his back on his own class, and admit that it is the third-class traffic that pays. If he takes shares in a hotel, he learns that it is safer, as a matter of commercial policy, to turn a lord and his retinue out of doors than to disoblige a commercial traveller or a bicyclist in the smallest reasonable particular. He cannot get his coat made to fit him without troublesome tryings-on and alterations unless he goes to the cheap ready-money tailors, who monopolize all the really expert cutters because their suits must fit infallibly at the first attempt if the low prices are to be made pay. The old-fashioned tradesman, servile to the great man and insolent to the earner of weekly wages, is now beaten in the race by the universal provider, who attends more carefully to the fourpenny and tenpenny customers than to the mammoth shipbuilder's wife sailing in to order three grand pianos and four French governesses. In short, the shops where Dives is expected and counted on are only to be found now in a few special trades, which touch a man's life but seldom. For everyday purposes the customer who wants more than other people is as unwelcome and as little worth attending to as the customer who wants less than other people. The millionaire can have the best of everything in the market; but this leaves him no better off than the modest possessor of £5000 a year. There is only one thing that he can still order on a scale of special and recklessly expensive pomp, and that is his funeral. Even this melancholy outlet will probably soon be closed. Huge joint-stock interment and cremation companies will refuse to depart to any great extent from their routine of Class I, Class II, and so on, just as a tramway company would refuse to undertake a Lord Mayor's Show. The custom of the great masses will rule the market so completely that the millionaire, already forced to live nine-tenths of his life as other men do, will be forced into line as to the other tenth also.

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### WHY MILLIONAIRES MUST NOT LEAVE TOO MUCH TO THEIR FAMILIES

To be a millionaire, then, is to have more money than you can possibly spend on yourself, and to suffer daily from the inconsiderateness of those persons to whom such a condition appears one of utter content. What, then, is the millionaire to do with his surplus funds? The usual reply is, provide for his children and give alms. Now these two resources, as usually understood, are exactly the same thing, and a very mischievous thing too. From the point of view of society, it does not matter a straw whether the person relieved of the necessity of working for his living by a millionaire's bounty is his son, his daughter's husband, or merely a casual beggar. The millionaire's private feelings may be more highly gratified in the former cases; but the mischief to society and to the recipient is the same. If you want to spoil a young man's career, there is no method surer than that of presenting him with what is called "an independence," meaning an abject and total dependence on the labor of others. Anybody who has watched the world intelligently enough to compare the average man of independent means when he has just finished his work at the university, with the same man twenty years later, following a routine of fashion compared to which the round of a postman is a whirl of excitement, and the beat of a policeman a chapter of romance, must have sometimes said to himself that it would have been better for the man if his father had spent every penny of his money, or thrown it into the Thames.

### PARASITES ON PROPERTY

In Ireland, the absentee landlord is bitterly reproached for not administering his estate in person. It is pointed out truly enough that the absentee is a pure parasite upon the industry of his country. The indispensable minimum of attention to his estate is paid by his agent or solicitor, whose resistance to his purely parasitic activity is fortified by the fact that the estate

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usually belongs mostly to the mortgagees, and that the nominal landlord is so ignorant of his own affairs that he can do nothing but send begging letters to the agent. On these estates generations of peasants (and agents) live hard but bearable lives; whilst off them generations of ladies and gentlemen of good breeding and natural capacity are corrupted into drifters, wasters, drinkers, waiters-for-dead-men's-shoes, poor relations, and social wreckage of all sorts, living aimless lives, and often dying squalid and tragic deaths. But is there any country in the world in which this same wreckage does not occur? The typical modern proprietor is not an Irish squire but a cosmopolitan shareholder; and the shareholder is an absentee as a matter of course. If his property is all the better managed for that, he himself is all the more completely reduced to the condition of a mere parasite upon it; and he is just as likely as the Irish absentee to become a centre of demoralization to his family connections. Every millionaire who leaves all his millions to his family in the ordinary course exposes his innocent descendants to this risk without securing them any advantage that they could not win more effectually and happily by their own activity, backed by a fair start in life. Formerly this consideration had no weight with parents, because working for money was considered disgraceful to a gentleman, as it is still, in our more belated circles, to a lady. In all the professions we have survivals of old pretences—the rudimentary pocket on the back of a barrister's gown is an example—by which the practitioner used to fob his fee without admitting that his services were for sale. Most people alive today, of middle age and upward, are more or less touched with superstitions that need no longer be reckoned with by or on behalf of young men. Such, for instance, as that the line which divides wholesale from retail trade is also a line marking a step in social position; or that there is something incongruous in a lord charging a shilling a head for admission to his castle and gardens, or opening a shop for milk, game, and farm produce; or that a merchant's son who obtains a commission in a smart regiment is guilty of an act of ridiculous presumption.

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### DIGNITY OF LABOR

Even the prejudice against manual labor is vanishing. In the artistic professions something like a worship of it was inaugurated when Ruskin took his Oxford class out of doors and set them to make roads. It is now a good many years since Dickens, when visiting a prison, encountered Wainwright the poisoner, and heard that gentleman vindicate his gentility by demanding of his fellow prisoner (a bricklayer, if I remember aright) whether he had ever condescended to clean out the cell, or handle the broom, or, in short, do any work whatever for himself that he could put on his companion. The bricklayer, proud of having so distinguished a cell mate, eagerly gave the required testimony. In the great Irish agitation against coercion in Ireland during Mr Balfour's secretaryship, an attempt was made to add to the sensation by pointing to the spectacle of Irish political prisoners, presumably gentlemen, suffering the indignity of having to do housemaid's work in cleaning their cells. Who cared? It would be easy to multiply instances of the change of public opinion for the better in this direction. But there is no need to pile up evidence. It will be quite willingly admitted that the father who throws his son on his own exertions, after equipping him fully with education and a reasonable capital, no longer degrades him, spoils his chance of a well-bred wife, and forfeits the caste of the family, but, on the contrary, solidifies his character and widens his prospects, professional, mercantile, political, and matrimonial. Besides, public opinion, growing continually stronger against drones in the hive, begins to threaten, and even to execute, a differentiation of taxation against unearned incomes: so that the man who, in spite of the protests of parental wisdom and good citizenship, devotes great resources to the enrichment and probable demoralization of remote descendants for whose merit the community has no guarantee, does so at the risk of having his aim finally defeated by the income-tax collector. We, therefore, have the intelligent and public-spirited millionaire cut off from his old resource of "founding a family." All that his

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children can now require of him, all that society expects him to give them, all that is good for themselves, is a first-rate equipment, not an "independence."

And there are millionaires who have no children.

## WHY ALMSGIVING IS A WASTE OF MONEY

The extremities to which the millionaire is reduced by this closing up of old channels of bequest are such that he sometimes leaves huge sums to bodies of trustees "to do good with," a plan as mischievous as it is resourceless; for what can the trustees do but timidly dribble the fund away on charities of one kind or another? Now I am loth to revive the harsh strains of the Grad-grind political economy: indeed, I would, if I could, place in every Board School a copy of Mr Watts' picture of a sheet profiled by the outline of a man lying dead underneath it, with the inscription above, "What I saved, I lost: what I spent, I had: what I gave, I have." But woe to the man who takes from another what he can provide for himself; and woe also to the giver! There is no getting over the fact that the moment an attempt is made to organize almsgiving by entrusting the funds to a permanent body of experts, it is invariably discovered that beggars are perfectly genuine persons: that is to say, not "deserving poor," but people who have discovered that it is possible to live by simply impudently asking for what they want until they get it, which is the essence of beggary. The permanent body of experts, illogically instructed to apply their funds to the cases of the deserving poor only, soon become a mere police body for the frustration of true begging, and consequently of true almsgiving. Finally, their experience in a pursuit to which they were originally led by natural benevolence lands them in an almost maniacal individualism and an abhorrence of ordinary "charity" as one of the worst of social crimes. This may not be an amiable attitude; but no reasonable person can fail to be impressed by the certainty with which it seems to be produced by a practical acquaintance with the social reactions of mendicity and benevolence.

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### "THE DESERVING POOR"

Of course, this difficulty is partly created by the "deserving poor" theory. I remember once, at a time when I made daily use of the reading room of the British Museum—a magnificent communistic institution—I gave a £2 copying job to a man whose respectable poverty would have moved a heart of stone: an ex-schoolmaster, whose qualifications were out of date, and who, through no particular fault of his own, had drifted at last into the reading room as less literate men drift into Salvation Army Shelters. He was a sober, well-spoken, well-conducted, altogether unobjectionable man, really fond of reading, and eminently eligible for a good turn of the kind I did him. His first step in the matter was to obtain from me an advance of five shillings; his next, to sublet the commission to another person in similar circumstances for one pound fifteen, and so get it entirely off his mind and return to his favorite books. This second, or rather, third party, however, required an advance from my acquaintance of one-and-sixpence to buy paper, having obtained which, he handed over the contract to a fourth party, who was willing to do it for one pound thirteen and sixpence. Speculation raged for a day or two as the job was passed on; and it reached bottom at last in the hands of the least competent and least sober copyist in the room, who actually did the work for five shillings, and borrowed endless sixpences from me from that time to the day of her death, which each sixpence probably accelerated to the extent of fourpence, and staved off to the extent of twopence. She was not a deserving person: if she had been she would have come to no such extremity. Her claims to compassion were that she could not be depended upon, could not resist the temptation to drink, could not bring herself to do her work carefully, and was therefore at a miserable disadvantage in the world: a disadvantage exactly similar to that suffered by the blind, the deaf, the maimed, the mad, or any other victims of imperfect or injured faculty. I learnt from her that she had once been recommended to the officials of the Charity Organiza-

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tion Society; but they, on inquiring into her case, had refused to help her because she was "undeserving," by which they meant that she was incapable of helping herself. Here was surely some confusion of ideas. She was very angry with the Society, and not unreasonably so; for she knew that their funds were largely subscribed by people who regarded them as ministers of pity to the poor and downcast. On the other hand, these people themselves had absurdly limited the application of their bounty to sober, honest, respectable persons: that is to say, to the persons least likely to want it, and alone able to be demoralized by it. An intelligent millionaire, if tempted to indulge himself by playing the almsgiving philanthropist (to the great danger of his own character) would earmark his gift for the use of the utterly worthless, the hopelessly, incorrigibly lazy, idle, easy-going, good-for-nothing. Only, such a policy would soon exhaust the resources of even a billionaire. It would convince the most sentimental of almsgivers that it is economically impossible to be kind to beggars. It is possible to treat them humanely, which means that they can be enslaved, brought under discipline, and forced to perform a minimum of work as gently as the nature of the process and their own intense objection to it permit; but there is no satisfaction for the compassionate instincts to be got out of that. It is a public duty, like the enforcement of sanitation, and should be undertaken by the public. Privately supported colonies of the unemployed, like that of the Salvation Army at Hadleigh, are only the experiments on which an inevitable extension of the Poor Law will have to be based. What is urgently needed at present by the poor is the humanization of the Poor Law, an end which is retarded by all attempts to supplant it by private benevolence. Take, for example, the hard case of the aged poor, who are not beggars at all, but veterans of industry who have in most cases earned an honorable pension (which we are dishonest enough to grudge them) by a lifetime of appalling drudgery. We have to deal with at least 350,000 of them every year. Very little can be done by private efforts to rescue these unfortunate people from the barbarity of the ratepayers by build-

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ing a few almshouses here and there. But a great deal can be done by arousing the public conscience and voting for reasonably humane and enlightened persons at elections of guardians. The guardians of the West Derby (Liverpool) Union, instead of imprisoning aged couples separately and miserably in their workhouse, put them into furnished cottages, where, provided they keep them neat and clean, they are no more interfered with than if they were in a private almshouse. The difference in happiness, comfort, and self-respect, between the cottage and the workhouse, is enormous: the difference in cost is less than two shillings a week per pair. If a millionaire must build almshouses, he had better do it by offering to defray the cost of a set of cottages on condition that the guardians adopt the West Derby system. This, of course, is pauperizing the ratepayer; but the average ratepayer is a quite shameless creature, loud in his outcry against the immorality of pauperizing anyone at his expense, but abject in his adulation of the rich man who will pauperize him by those subscriptions to necessary public institutions which act as subsidies in relief of the rates.

## NEVER ENDOW HOSPITALS

Hospitals are the pet resource of the rich man whose money is burning a hole in his pockets. Here, however, the verdict of sound social economy is emphatic. Never give a farthing to an ordinary hospital. An experimental hospital is a different thing: a millionaire who is interested in proving that the use of drugs, of animal food, of alcohol, of the knife in cancer, or the like, can be and should be dispensed with, may endow a temporary hospital for that purpose; but in the charitable hospital, private endowment and private management mean not only the pauperization of the ratepayer, but irresponsibility, waste, and extravagance checked by spasmodic stinginess, favoritism, almost unbridled licence for experiments on patients by scientifically enthusiastic doctors, and a system of begging for letters of admission which would be denounced as intolerable if it were part

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of the red tape of a public body. A safe rule for the millionaire is never to do anything for the public, any more than for an individual, that the public will do (because it must) for itself without his intervention. The provision of proper hospital accommodation is pre-eminently one of these things. Already more than a third of London's hospital accommodation is provided by the ratepayers. In Warrington the hospital rate, which was 2d. in the pound in 1887-8, rose in five years to 1s. 2d. If a billionaire had interposed to take this increase on his own shoulders, he would have been simply wasting money for which better uses were waiting, demoralizing his neighbors, and forestalling good hospitals by bad ones. Our present cadging hospital system will soon go the way of the old Poor Law; and no invalid will be a penny the worse.

## BE CAREFUL IN ENDOWING EDUCATION

Education comes next to hospitals in the popular imagination as a thoroughly respectable mark for endowments. But it is open to the same objections. The privately endowed elementary school is inferior to the rate-supported one, and is consequently nothing but a catchpit in which children, on the way to their public school, are caught and condemned to an inferior education in inferior buildings under sectarian management. University education is another matter. But whilst it is easy to found colleges and scholarships, it is impossible to confine their benefits to those who are unable to pay for them. Besides, it is beginning to be remarked that university men, as a class, are specially ignorant and misinformed. The practical identity of the governing class with the university class in England has produced a quite peculiar sort of stupidity in English policy, the masterstrokes of which are so very frequently nothing but class solecisms that even the most crudely democratic legislatures of the Colonies and the most corrupt lobbies of the United States are superior to ours in directness and promptitude, sense of social proportion, and knowledge of contemporary realities. An

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intelligent millionaire, unless he is frankly an enemy of the human race, will do nothing to extend the method of caste initiation practised under the mask of education at Oxford and Cambridge. Experiments in educational method, and new subjects of technical education, such, for instance, as political science considered as part of the technical education of the citizen (who is now such a disastrously bungling amateur in his all-important political capacity as voter by grace of modern democracy); or economics, statistics, and industrial history, treated as part of the technical commercial education of the wielder of modern capitals and his officials: these, abhorrent to university dons and outside the scope of public elementary education, are the departments in which the millionaire interested in education can make his gold fruitful. Help nothing that is already on its legs is not a bad rule in this and other matters. It is the struggles of society to adapt itself to the new conditions which every decade of modern industrial development springs on us that need help. The old institutions, with their obsolete routine, and their lazy denials and obstructions in the interests of that routine, are but too well supported already.

## ENDOWING SOCIETIES

The objection to supplanting public machinery by private does not apply to private action to set public machinery in motion. Take, for example, the National Society for the Prevention of Cruelty to Children. If that society were to undertake the punishment of cruel parents by building private prisons and establishing private tribunals, even the most thoughtless subscriber to private charities and hospitals wou'd shake his head and button up his pocket, knowing that there are public laws and public prisons and tribunals to do the work, and that they alone should be trusted with such functions. But here the public machinery requires the initiative of an aggrieved person to set it in motion; and when the aggrieved person is a child, and its "next friend" the aggressor, the machinery does not get started. Under such circumstances, Mr Waugh's society, by stepping in

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and taking the child's part, does a great deal of good; and this, observe, not by supplanting the State, or competing with it, but by co-operating with it and compelling it to do its duty. Generally speaking, all societies which are of the nature of Vigilance Committees are likely to be useful. The odium which attaches to the name came from the old-fashioned American Vigilance Committee, which, in the true spirit of private enterprise, not only detected offenders, but lynched them on its own responsibility. We have certain State vigilance officers: sanitary inspectors, School Board visitors, a Public Prosecutor (of a sort), the Queen's Proctor, and others. The only one of these who is an unmitigated public nuisance is the censor of the theatre, who, instead of merely having power to hale the author of an obnoxious play before a public tribunal, has power to sentence him to suppression and execute him with his own hands and on his own responsibility, with the result that our drama is more corrupt, silly, and indecent than any other department of fine art, and our unfortunate censor more timid and helpless than any other official. His case shews the distinction which it is essential to observe in vigilance work. But though we have an official to prevent Tolstoy's plays from being performed, we have no official to prevent people from stealing public land and stopping up public footpaths. The millionaire who gives money to "Days in the Country" for city children, and will not help Commons Preservation Societies and the like to keep the country open for them, is unworthy of his millions.

All these considerations point in the same direction. The intelligent millionaire need not hesitate to subsidize any vigilance society or reform society that is ably conducted, and that recognizes the fact that it is not going to reform the world, but only, at best, to persuade the world to take its ideas into consideration in reforming itself. Subject to these conditions, it matters little whether the millionaire agrees with the society or not. No individual or society can possibly be absolutely and completely right; nor can any view or theory be so stated as to comprise the whole truth and nothing but the truth. A millionaire who will

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not subsidize forces that are capable of a mischievous application will subsidize nothing at all. Such justice as we attain in our criminal courts is the outcome of a vehemently partial prosecution and defence; and all parliamentary sanity is the outcome of a conflict of views. For instance, if we try to figure to ourselves

forcible reconstruction of society on lines rigidly deduced either from the Manchester School or from State Socialism, we are at a loss to decide which of the two would be the more intolerable and disastrous. Yet who hesitates on that account, if such matters interest him, to back up the Fabian Society on the one hand, or the Personal Rights Association on the other, according to his bias? Our whole theory of freedom of speech and opinion for all citizens rests, not on the assumption that everybody is right, but on the certainty that everybody is wrong on some point on which somebody else is right, so that there is a public danger in allowing anybody to go unheard. Therefore, any propagandist society which knows how to handle money intelligently and which is making a contribution to current thought, whether Christian or Pagan, Liberal or Conservative, Socialist or Individualist, scientific or humanitarian, physical or metaphysical, seems to me an excellent mark for a millionaire's spare money.

Yet after all, mere societies are good marks for anybody's spare money. Most of them may be left to the ordinary guinea subscriber; and though millionaires are such inveterate subscribers and donors that I dare not leave the societies out of account, I confess I despise a millionaire who dribbles his money away in fifties and hundreds, thereby reducing himself to the level of a mere crowd of ordinary men, instead of planking down sums that only a millionaire can. My idea of a millionaire is a man who never gives less than ten thousand pounds, earmarked for the purchase of something of the best quality costing not a penny less than that amount. The millionaire should ask himself what is his favorite subject. Has it a school, with scholarships for the endowment of research and the attraction of rising talent? Has it a library, or a museum? If not, then he has an opening at once for his ten thousand or hundred thousand.

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### STARTING SNOWBALLS

There is always something fascinating to the imagination of a very poor man in the notion of leaving a million or so to accumulate at compound interest for a few centuries, and then descend in fabulous riches on some remote descendant and make a Monte Cristo of him. Now, even if there were likely to be any particular point in being Monte Cristo after a couple of hundred years' further social and industrial development, a modern millionaire, for the reasons already stated, should be the last person in the world to be much impressed by it. Still, the underlying idea of keeping a great money force together, multiplying it, and finally working a miracle with it, is a tempting one. Here is a recent example, quoted from a local paper:

"The gift of a farm to the Parish Council of St Bees by the Rev. Mr Pagan, of Shadforth, Durham, is accompanied by some peculiar conditions. The farm is 33 a. 3 r. 2 p. in extent, and is valued at £1098. The rent of the farm is to be allowed to accumulate, with two reservations. Should the grantor ever require it, the council may be called upon during his lifetime to pay him from time to time out of the accumulated investments any amounts not exceeding £1098. Not more than £10 may be spent in charity, *but not in relief of the rates*. The balance is to be invested in land and houses until all the land and houses in the parish have been secured by the parish council. When that is accomplished, the sum of £1098 may be handed over to some adjacent parish, which shall deal with the gift similarly to St Bees."

### BEWARE OF THE RATEPAYER AND THE LANDLORD

In the above bequest, we have a remarkable combination of practical sagacity and colossal revolutionary visionariness. Mr Pagan sets a thousand pound snowball rolling in such a way as to nationalize the land parish by parish until the revolution is complete. Observe—and copy—his clause, "not in relief of the rates." Let the millionaire never forget that the ratepayer is

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always lying in wait to malversate public money to the saving of his own pocket. Possibly the millionaire may sympathize with him, and say that he wishes to relieve him. But in the first place a millionaire should never sympathize with anybody: his destiny is too high for such petty self-indulgence; and in the second, you cannot relieve the ratepayer by reducing, or even abolishing, his rates, since freeing a house of rates simply raises the rent. The millionaire might as well leave his money direct to the landlords at once. In fact, the ratepayer is only a foolish cat's-paw for the landlord, who is the great eater-up of public bequests. At Tonbridge, Bedford, and certain other places, pious founders have endowed the schools so splendidly that education is nobly cheap there. But rents are equivalently high; so that the landlords reap the whole pecuniary value of the endowment. The remedy, however, is to follow the example of the Tonbridge and Bedford founders instead of avoiding it. If every centre of population were educationally endowed with equal liberality, the advantage of Bedford would cease to be a *differential* one; and it is only advantages which are both differential and pecuniarily realizable by the individual citizens that produce rent. Meanwhile, the case points to another form of the general rule above deduced for the guidance of millionaires: namely, that bequests to the public should be for the provision of luxuries, never of necessities. We must provide necessities for ourselves; and their gratuitous provision in any town at present constitutes a pecuniarily realizable differential advantage in favor of living in that town. Now, a luxury is something that we need not have, and consequently will not pay for except with spare or waste money. Properly speaking, therefore, it is something that we will not pay for at all. And yet nothing is more vitally right than the attitude of the French gentleman who said: "Give me the luxuries of life, and I will do without the necessities." For example, the British Library of Political Science is prodigiously more important to our well-being than a thousand new charitable soup-kitchens; but as ordinary people do not care a rap about it, it does not raise the rent of even students' lodgings in London by a

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farthing. But suppose a misguided billionaire, instead of founding an institution of this type, were to take on himself the cost of paving and lighting some London parish, and set on foot a free supply of bread and milk! All that would happen would be that the competition for houses and shops in that parish would rage until it had brought rents up to a point at which there would be no advantage in living in it more than in any other parish. Even parks and open spaces raise rents in London, though, strange to say, London statues do not diminish them. Here, then, is the simple formula for the public benefactor. Never give the people anything they want: give them something they ought to want and dont.

### CREATE NEW NEEDS: THE OLD ONES WILL TAKE CARE OF THEMSELVES

Thus we find at the end of it all, appositely enough, that the great work of the millionaire, whose tragedy is that he has not needs enough for his means, is to create needs. The man who makes the luxury of yesterday the need of tomorrow is as great a benefactor as the man who makes two ears of wheat grow where one grew before. John Ruskin set a wise example in this respect to our rich men. He published his accounts with the public, and shewed that he had taken no more for himself than fair pay for his work of giving Sheffield a valuable museum, which it does not want and would cheerfully sell for a fortnight's holiday with free beer if it could. Was not that better than wasting it heartlessly and stupidly on beggars, on able-bodied relatives, on ratepayers, on landlords, and all the rest of our social absorbents? He has created energy instead of dissipating it, and created it in the only fundamentally possible way, by creating fresh needs. His example shews what can be done by a rich expert in fine art; and if millions could bring such expertness to their possessor, I should have discoursed above of the beautification of cities, the endowment of a standard orchestra and theatre in every centre of our population, and the building of a whole-

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some, sincere, decent house for Parliament to meet in (noble legislation is impossible in the present monstrosity) as an example for parish halls and town halls all through the country, with many other things of the same order. But these matters appeal only to a religious and artistic faculty which cannot be depended on in millionaires—which, indeed, have a very distinct tendency to prevent their possessor from ever becoming even a thousandaire, if I may be permitted that equally justifiable word. The typical modern millionaire knows more about life than about art; and what he should know better than anyone else, if he has any reflective power, is that men do not succeed nowadays in industrial life by sticking to the methods and views of their grandfathers. And yet not until a method or a view has attained a grandfatherly age is it possible to get it officially recognized and taught in an old country like ours. In bringing industrial education up to date, the millionaire should be on his own ground. Experiment, propaganda, exploration, discovery, political and industrial information: take care of these, and the pictures and statues, the churches and hospitals, will take care of themselves.

## CONSCIENCE MONEY AND RANSOM

I must not conclude without intimating my knowledge of the fact that most of the money given by rich people in “charity” is made up of conscience money, “ransom,” political bribery, and bids for titles. The traffic in hospital subscriptions in the name of Royalty fulfils exactly the same function in modern society as Texel’s traffic in indulgences in the name of the Pope did before the Reformation. One buys moral credit by signing a cheque, which is easier than turning a prayer wheel. I am aware, further, that we often give to public objects money that we should devote to raising wages among our own employees or substituting three eight-hour shifts for two twelve-hour ones. But when a millionaire does not really care whether his money does good or not, provided he finds his conscience eased and his social status improved by giving it away, it is useless for me to argue with

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him. I mention him only as a warning to the better sort of donors that the mere disbursement of large sums of money must be counted as a distinctly suspicious circumstance in estimating personal character. Money is worth nothing to the man who has more than enough; and the wisdom with which it is spent is the sole social justification for leaving him in possession of it.



THE FABIAN SOCIETY.  
WHAT IT HAS DONE AND HOW IT HAS  
DONE IT



## THE FABIAN SOCIETY<sup>1</sup>. WHAT IT HAS DONE AND HOW IT HAS DONE IT

If any delegate present thinks that the Fabian Society was wise from the hour of its birth, let him forthwith renounce that error. The Fabian wisdom, such as it is, has grown out of the Fabian experience; and our distinction, if we may claim any, lies more in our capacity for profiting by experience (a rarer faculty in politics than you might suppose) than in any natural superiority on our part to the follies of incipient Socialism. In 1883 we were content with nothing less than the prompt "reconstruction of society in accordance with the highest moral possibilities." In 1884 we were discussing whether money should be permitted under Socialism, or whether labor notes would not be a more becoming currency for us; and I myself actually debated the point with a Fabian who had elaborated a pass-book system to supersede both methods. Then we were joined by Mrs Wilson, now one of the chief members of the Freedom Group of Kropotkinist Anarchists; and a sort of influenza of Anarchism soon spread through the society. When we issued our fortunately little-known Tract No. 4, What Socialism Is, we divided it into two sections, one answering the question from the Collectivist and the other from the Anarchist point of view. The answer did not amount to much either way; for the tract contains nothing that was not already to be found better stated in the famous Communist Manifesto of Marx and Engels.

### ON THE WARPATH

It must not be supposed that Anarchism encountered any resistance among us on the ground of its associations with physical

<sup>1</sup> A paper by G. Bernard Shaw, read at a Conference of the London and Provincial Fabian Societies at Essex Hall on the 6th February 1892, and ordered to be printed for the information of members.

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force. The Fabian Society was warlike in its origin: it came into existence through a schism in an earlier society for the peaceful regeneration of the race by the cultivation of perfection of individual character. Certain members of that circle, modestly feeling that the revolution would have to wait an unreasonably long time if postponed until they personally had attained perfection, set up the banner of Socialism militant; seceded from the Regenerators; and established themselves independently as the Fabian Society. That was how the Fabian began; and although exactly the same practical vein which had led its founders to insist on an active policy afterwards made them the most resolute opponents of Insurrectionism, the Constitutionalism which now distinguishes us was as unheard of at the Fabian meetings in 1884 and 1885 as at the demonstrations of the Social Democratic Federation or the Socialist League. For example, in 1885, a conflict with the Government arose over the right of free speech at Dod Street—a conflict precisely similar to that now [February 1892] on hand at the World's End, Chelsea. But nobody dreamt of giving the Fabian delegate to the Vigilance Committee of 1885 the strict instructions which bind the delegates of 1892 to use all their influence to avert a conflict with the police. He was simply to throw himself into the struggle on the side of the Socialists, and take the consequences. In short, we were for a year or two just as Anarchistic as the Socialist League and just as insurrectionary as the Federation. It will at once be asked why, in that case, we did not join them instead of forming a separate society. Well, the apparent reason was that we were then middle-class all through, rank and file as well as leaders, whereas the League and Federation were quite proletarian in their rank and file. But whatever weight this sort of consideration may have had with our members in general, it had none with our leaders, most of whom, indeed, were active members of the Federation as well. It undoubtedly prevented working men from joining the Fabian whilst we were holding our meetings in one another's drawing rooms; but it did not prevent any Fabian worth counting from joining the working-class organizations. The true cause of the

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separation lay deeper. Differences, which afterwards became explicit and definite, were latent from the first in the temperament and character of the Fabians. When I myself, on the point of joining the Social Democratic Federation, changed my mind and joined the Fabian instead, I was guided by no discoverable difference in program or principles, but solely by an instinctive feeling that the Fabian and not the Federation would attract the men of my own bias and intellectual habits who were then ripening for the work that lay before us.

However, as I have said, in 1885 our differences were latent or instinctive; and we denounced the capitalists as thieves at the Industrial Remuneration Conference, and, among ourselves, talked revolution, anarchism, labor notes versus pass-books, and all the rest of it, on the tacit assumption that the object of our campaign, with its watchwords, "EDUCATE, AGITATE, ORGANIZE," was to bring about a tremendous smash-up of existing society, to be succeeded by complete Socialism. And this meant that we had no true practical understanding either of existing society or Socialism. Without being quite definitely aware of this, we yet felt it to a certain extent all along; for it was at this period that we contracted the invaluable habit of freely laughing at ourselves which has always distinguished us, and which has saved us from becoming hampered by the gushing enthusiasts who mistake their own emotions for public movements. From the first, such people fled after one glance at us, declaring that we were not serious. Our preference for practical suggestions and criticisms, and our impatience of all general expressions of sympathy with working-class aspirations, not to mention our way of chaffing our opponents in preference to denouncing them as enemies of the human race, repelled from us some warm-hearted and eloquent Socialists, to whom it seemed callous and cynical to be even commonly self-possessed in the presence of the sufferings upon which Socialists make war. But there was far too much equality and personal intimacy among the Fabians to allow of any member presuming to get up and preach at the rest in the fashion which the working classes still tolerate submissively from their leaders.

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We knew that a certain sort of oratory was useful for “stoking up” public meetings; but we needed no stoking up, and, when any orator tried the process on us, soon made him understand that he was wasting his time and ours. I, for one, should be very sorry to lower the intellectual standard of the Fabian by making the atmosphere of its public discussions the least bit more congenial to stale declamation than it is at present. If our debates are to be kept wholesome, they cannot be too irreverent or too critical. And the irreverence, which has become traditional with us, comes down from those early days when we often talked such nonsense that we could not help laughing at ourselves.

## TORY GOLD AT THE 1885 ELECTION

When I add that in 1885 we had only 40 members, you will be able to form a sufficient notion of the Fabian Society in its nonage. In that year there occurred an event which developed the latent differences between ourselves and the Social Democratic Federation. The Federation said then, as it still says, that its policy is founded on a recognition of the existence of a Class War. How far the fact of the working classes being at war with the proprietary classes justifies them in suspending the observance of the ordinary social obligations in dealing with them was never settled; but at that time we were decidedly less scrupulous than we are now in our ideas on the subject; and we all said freely that as gunpowder destroyed the feudal system, so the capitalist system could not long survive the invention of dynamite. Not that we were dynamitards: indeed the absurdity of the inference shews how innocent we were of any practical acquaintance with explosives; but we thought that the statement about gunpowder and feudalism was historically true, and that it would do the capitalists good to remind them of it. Suddenly, however, the Federation made a very startling practical application of the Class War doctrine. They did not blow anybody up; but in the general election of 1885 they ran two candidates in London—Mr Williams, in Hampstead, who got 27 votes, and Mr Fielding, in Ken-

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nington, who got 32 votes. And they made no secret of the fact that the expenses of these elections had been paid by one of the established political parties in order to split the vote of the other. From the point of view of the abstract moralist there was nothing to be said against the transaction, since it was evident that Socialist statesmanship must for a long time to come consist largely of taking advantage of the party dissensions between the Unsocialists. It may easily happen tomorrow that the Liberal party may offer to contribute to the expenses of a Fabian candidate in a hopelessly Tory stronghold, in order to substantiate its pretensions to encourage Labor representation. Under such circumstances it is quite possible that we may say to the Fabian in question, Accept by all means; and deliver propagandist addresses all over the place. Suppose that the Liberal party offers to bear part of Mr Sidney Webb's expenses at the forthcoming County Council election at Deptford, as they undoubtedly will, by means of the usual National Liberal Club subscription, in the case of the poorer Labor candidates. Mr Webb, as a matter of personal preference for an independence which he is fortunately able to afford, will refuse. But suppose Mr Webb were not in that fortunate position, as some Labor candidates will not be! It is quite certain that not the smallest odium would attach to the acceptance of a Liberal grant-in-aid. Now the idea that taking Tory money is worse than taking Liberal money is clearly a Liberal party idea and not a Social Democratic one. In 1885 there was not the slightest excuse for regarding the Tory party as any more hostile to Socialism than the Liberal party; and Mr Hyndman's classical quotation, "*Non olet*"—"It does not smell," meaning that there is no difference in the flavor of Tory and Whig gold once it comes into the Socialist treasury, was a sufficient retort to the accusations of moral corruption which were levelled at him. But the Tory money job, as it was called, was none the less a huge mistake in tactics. Before it took place, the Federation loomed large in the imagination of the public and the political parties. This is conclusively proved by the fact that the Tories thought that the Socialists could take enough votes from the Liberals to make it worth while to pay the

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expenses of two Socialist candidates in London. The day after the election everyone knew that the Socialists were an absolutely negligible quantity there as far as voting power was concerned. They had presented the Tory party with 57 votes, at a cost of about £8 apiece. What was worse, they had shocked London Radicalism, to which Tory money was an utter abomination. It is hard to say which cut the more foolish figure, the Tories who had spent their money for nothing, or the Socialists who had sacrificed their reputation for worse than nothing.

The disaster was so obvious that there was an immediate falling off from the Federation, on the one hand of the sane tacticians of the movement, and on the other of those out-and-out Insurrectionists who repudiated political action altogether, and were only too glad to be able to point to a discreditable instance of it. Two resolutions were passed, one by the Socialist League and the other by the Fabian Society. Here is the Fabian resolution:

"That the conduct of the Council of the Social Democratic Federation in accepting money from the Tory party in payment of the election expenses of Socialist candidates is calculated to disgrace the Socialist movement in England." —4th Dec. 1885.

Here is the resolution of the League, characteristically non-Fabian in tone:

"That this meeting of London members of the Socialist League views with indignation the action of certain members of the Social Democratic Federation in trafficking with the honor of the Socialist party, and desires to express its sympathies with that section of the body which repudiates the tactics of the disreputable gang concerned in the recent proceedings." —7th Dec. 1885.

## THE UNEMPLOYED AGITATION

From that time forward we were counted by the Federation as a hostile body; and we ourselves knew that we should have to find our way for ourselves without looking to the other bodies for a trustworthy lead. You will perhaps expect to hear that the

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immediate result was the extinction of the Federation and the advance to the front of the Fabian with its peculiar opportunist policy. But this was not so. Even those members of the Federation who seceded from it then under the leadership of C. L. Fitzgerald and J. Macdonald, never thought of joining the Fabian. They formed in February 1886 a new body called "The Socialist Union," which barely managed to keep breathing for two years. Still, it suited them better than the Fabian. The fact is, 1886 and 1887 were not favorable years for drawing-room Socialism and scientific politics. They were years of great distress among the working classes—years for street-corner agitators to marshal columns of hollow-cheeked men with red flags and banners inscribed with Scriptural texts to fashionable churches on Sunday, and to lead desperate deputations from the Holborn Board of Guardians to the Local Government Board office and back again, using stronger language at each official rebuff from pillar to post. These were the days when Mr Champion told a meeting in London Fields that if the whole propertied class had but one throat he would cut it without a second thought, if by doing so he could redress the injustices of our social system; and when Mr Hyndman was expelled from his club for declaring on the Thames Embankment that there would be some attention paid to cases of starvation if a rich man were immolated on every pauper's tomb. Besides these London gatherings, there were meetings of the unemployed, not always unaccompanied by window breaking, in Manchester, Birmingham, Leicester, Yarmouth, and many of the large towns throughout the country. Matters were much the same in Holland and Belgium. In America the Eight Hours Movement, intensified by the distress of the unemployed, who were estimated at a million strong in the United States, led to riots in April 1886, culminating on the 4th May with the famous Chicago meeting where the bomb was thrown which led to the hanging of four Anarchists. In London the police supervision of the meetings was sufficient to prevent any violence until Monday, 8th February 1886, when a Sugar Bounty meeting was held in Trafalgar Square. It was swamped by a huge crowd of the unemployed. The Federa-

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tion orators, who were present, seized the opportunity to hold a counter demonstration; after which there was an adjournment to Hyde Park. Unfortunately, on this occasion the police, through some blunder in telephoning or the like, received orders to proceed, not to Pall Mall, but to *The Mall*. Accordingly, they were shivering in St James's Park whilst the unemployed were passing through the street of rich men's clubs. The rich men crowded to the windows to see the poor men pass along; and Dives, not noticing the absence of the police, mocked Lazarus. Lazarus thereupon broke Dives's windows, and even looted a shop or two, besides harmlessly storming the carriage of a tactless lady near the Achilles statue. Hyndman, Champion, Burns, and Williams were arrested and tried for this affair; but there were one or two good men on the jury, notably a Christian Socialist named Crickmay; our friend Sparling was proved by himself and others to have used the most terrible of the phrases for which Burns was indicted; and what with these advantages and the unimpeachable gentility of two of the defendants, all four were acquitted. This was a great success, especially as the Mansion House Fund for the relief of the unemployed had gone up with a bound from £30,000 to £79,000 after the window breaking. The agitation went on more violently than ever afterwards; and the restless activity of Champion, seconded by Burns's formidable oratory, seized on every public opportunity, from the Lord Mayor's Show to services for the poor in Westminster Abbey or St. Paul's, to parade the unemployed and force their claims upon the attention of the public. A commercial firm attempted to make a census of the unemployed in order to advertize themselves; the Pall Mall Gazette tried also; and matters looked very gloomy indeed when Champion, impatient of doing nothing but marching hungry men about the streets and making stale speeches to them, offered the Federation the alternative of either empowering him to negotiate some scheme of relief with his aristocratic sympathizers, or else going to Trafalgar Square and staying there day and night until something should happen—the something being perhaps the best available attempt at a revolution possible under the circum-

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stances. The Federation refused both alternatives; and Champion withdrew from the agitation in disgust. A long-brewing dissension between Burns and Hyndman also came to a head about this time; and the result was that the unemployed agitation was left almost leaderless at the moment when the unemployed themselves were getting most desperate. Early in the winter of 1887 the men themselves, under all sorts of casual leaders, or rather speech-makers, took to meeting constantly in Trafalgar Square, thus taking up Champion's alternative for want of anything else to do. Champion, however, was gone; and the shopkeepers began to complain that the sensational newspaper accounts of the meetings were frightening away their customers and endangering the Christmas quarter's rent. On this the newspapers became more sensational than ever; and those fervid orators who preserve friendly relations with the police began to throw in the usual occasional proposal to set London on fire simultaneously at the Bank, St Paul's, the House of Commons, the Stock Exchange, and the Tower. This helped to keep the pot boiling; and at last the police cleared the unemployed out of the Square. Immediately the whole working-class political organization of London rallied to the defence of the right of meeting. The affair of 1886, when the railings of Hyde Park were thrown down and the right of meeting there vindicated, and the Free Speech triumph at Dod Street, were precedents in favor of the people. The papers which declared that the workers had an excellent forum in Hyde Park without obstructing Trafalgar Square, were reminded that in 1866 the convenience of Trafalgar Square for public meetings was made an excuse for the attempt to put down meetings in the Park. Mr Stead, who was then editing the *Pall Mall Gazette*, and who, with all his enthusiasm, had about as much practical knowledge of how to do the Dod Street trick<sup>1</sup> as a London tram-con-

<sup>1</sup> It may be useful to say here that "the way to do the Dod Street trick" is simply to find a dozen or more persons who are willing to get arrested at the rate of one per week by speaking in defiance of the police. In a month or two, the repeated arrests, the crowds which they attract, the scenes which they provoke, the sentences passed by the magistrates and at the sessions, and the consequent newspaper descriptions, rouse

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ductor has of conducting classical concerts, gave the word "To the Square!" To the Square we all went, therefore, with drums beating and banners waving, in our tens of thousands, nominally to protest against the Irish policy of the Government, but really to maintain the right of meeting in the Square. The meeting had been proclaimed; but the authority cited was an Act for the Regulation of Traffic which clearly gave no power to the police to prohibit processions, and which was abandoned by the Government when they had to justify their action in court. However, the new Chief Commissioner of Police, successor to him who had been dismissed for making that mistake in the previous year about Pall Mall, had no notion of sharing his predecessor's fate. He took no half measures in the matter: there was no reading of the Riot Act, or calling on the processions to disperse, as they had arranged to do peacefully and constitutionally if so ordered. It was, as one of Bunyan's pilgrims put it, but a word and a blow with him; for the formal summons to disperse was accompanied by a vigorous baton charge, before which the processionists, though outnumbering their assailants by a hundred to one, fled in the utmost confusion and terror. That eventful 13th November 1887 has since been known as "Bloody Sunday." The heroes of it were Burns and Cunningham Graham, who charged, two strong, at the rampart of policemen round the Square and were overpowered and arrested. The heroine was Mrs Besant, who may be said without the slightest exaggeration to have all but killed herself with overwork in looking after the prisoners, and organizing on their behalf a "Law and Liberty League" with Mr Stead. Meanwhile the police received the blessing of Mr Gladstone; and Insurrectionism, after a two years' innings, vanished from the field and has not since been much heard of. For, in the middle of the revengeful growling over the defeat at the Square, trade revived; sufficient public feeling to force the Home Secretary to give way whenever the police are clearly in the wrong. Mr Matthews, victorious in Trafalgar Square, has been completely beaten at the World's End, Chelsea, by this method since the above paper was read. The method, however, is extremely hard on the martyrs, who suffer severely, and get no compensation, and but little thanks.

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the unemployed were absorbed; the Star newspaper appeared to let in light and let off steam: in short, the way was clear at last for Fabianism. Do not forget, though, that Insurrectionism will reappear at the next depression of trade as surely as the sun will rise to-morrow morning.<sup>1</sup>

### THE FABIAN CONFERENCE OF 1886

You will now ask to be told what the Fabians had been doing all this time. Well, I think it must be admitted that we were overlooked in the excitements of the unemployed agitation, which had, moreover, caused the Tory money affair to be forgotten. The Fabians were disgracefully backward in open-air speaking. Up to quite a recent date, Graham Wallas, myself, and Mrs Besant were the only representative open-air speakers in the Society, whereas the Federation speakers, Burns, Hyndman, Andrew Hall, Tom Mann, Champion, Burrows, with the Socialist Leaguers, were at it constantly. On the whole, the Church Parades and the rest were not in our line; and we were not wanted by the men who were organizing them. Our only contribution to the agitation was a report which we printed in 1886, which recommended experiments in tobacco culture, and even hinted at compulsory military service, as means of absorbing some of the unskilled unemployed, but which went carefully into the practical conditions of relief works. Indeed, we are at present trying to produce a new tract on the subject without finding ourselves able to improve very materially on the old one in this respect. It was drawn up by Bland, Hughes, Podmore, Stapelton, and Webb, and was the first of our publications that contained any solid information. Its tone, however, was moderate and its style somewhat conventional; and the Society was still in so hot a temper on the social question that we refused to adopt it as a regular Fabian

<sup>1</sup> This is the sentence which led a London evening newspaper (*The Echo*) to denounce the author in unmeasured terms for inciting the unemployed to armed rebellion. The incident is worth mentioning as an example of the ordinary Press criticism of Socialist utterances.

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tract, and only issued it as a report printed for the information of members. Nevertheless we were coming to our senses rapidly by this time. We signalized our repudiation of political sectarianism in June 1886, by inviting the Radicals, the Secularists, and anyone else who would come, to a great conference, modelled upon the Industrial Remuneration Conference, and dealing with the Nationalization of Land and Capital. It fully established the fact that we had nothing immediately practical to impart to the Radicals and that they had nothing to impart to us. The proceedings were fully reported for us; but we never had the courage even to read the shorthand writer's report, which still remains in MS. Before I refreshed my memory on the subject the other day, I had a vague notion that the Conference cost a great deal of money; that it did no good whatever; that Mr Bradlaugh made a speech; that Mrs Fenwick Miller, who had nothing on earth to do with us, was in the chair during part of the proceedings; and that the most successful paper was by a strange gentleman whom we had taken on trust as a Socialist, but who turned out to be an enthusiast on the subject of building more harbors. I find, however, on looking up the facts, that no less than fifty-three societies sent delegates; that the guarantee fund for expenses was £100; and that the discussions were kept going for three afternoons and three evenings. The Federation boycotted us; but *The Times* reported us. Eighteen papers were read, two of them by members of Parliament, and most of the rest by well-known people. William Morris and Dr. Aveling read papers as delegates from the Socialist League; the National Secular Society sent Mr Foote and Mr Robertson, the latter contributing a Scheme of Taxation in which he anticipated much of what was subsequently adopted as the Fabian program; Wordsworth Donisthorpe took the field for Anarchism of the type advocated by the authors of *A Plea for Liberty*; Stewart Headlam spoke for Christian Socialism and the Guild of St Matthew; Dr Pankhurst dealt with the situation from the earlier Radical point of view; and various Socialist papers were read by Mrs Besant, Sidney Webb, and Edward Carpenter, besides one by Stuart-Glennie, who subsequently left us because

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we fought shy of the Marriage Question when revising our "Basis." I mention all this in order to shew you how much more important this abortive Conference looked than the present one. Yet all that can be said for it is that it made us known to the Radical clubs and proved that we were able to manage a conference in a businesslike way. It also, by the way, shewed off our pretty prospectus with the design by Crane at the top, our stylish-looking blood-red invitation cards, and the other little smartnesses on which we then prided ourselves. We used to be plentifully sneered at as fops and armchair Socialists for our attention to these details; but I think it was by no means the least of our merits that we always, as far as our means permitted, tried to make our printed documents as handsome as possible, and did our best to destroy the association between revolutionary literature and slovenly printing on paper that is nasty without being cheap. One effect of this was that we were supposed to be much richer than we really were, because we generally got better value and a finer show for our money than the other Socialist societies.

## THE FABIAN PARLIAMENTARY LEAGUE

The Conference was the last of our follies. We had now a very strong Executive Committee, including Mrs Besant, who in June 1885 had effected her public profession of Socialism by joining the Fabian. Five out of the seven authors of Fabian Essays, which were of course still unwritten, were at the helm by 1887. But by 1886 we had already found that we were of one mind as to the advisability of setting to work by the ordinary political methods and having done with Anarchism and vague exhortations to Emancipate the Workers. We had several hot debates on the subject with a section of the Socialist League which called itself Anti-State Communist, a name invented by Mr Joseph Lane of that body. William Morris, who was really a free democrat of the Kropotkin type, backed up Lane, and went for us tooth and nail. Records of our warfare may be found in the volumes of the extinct magazine called *To-Day*, which was then

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edited by Hubert Bland; and they are by no means bad reading. We soon began to see that at the debates the opposition to us came from members of the Socialist League, who were present only as visitors. The question was, how many followers had our one ascertained Anarchist, Mrs Wilson, among the silent Fabians. Bland and Mrs Besant brought this question to an issue on the 17th September 1886, at a meeting in Anderton's Hotel, by respectively seconding and moving the following resolution:

“That it is advisable that Socialists should organize themselves as a political party for the purpose of transferring into the hands of the whole working community full control over the soil and the means of production, as well as over the production and distribution of wealth.”

To this a rider was moved by William Morris as follows:

“But whereas the first duty of Socialists is to educate the people to understand what their present position is, and what their future might be, and to keep the principle of Socialism steadily before them; and whereas no Parliamentary party can exist without compromise and concession, which would hinder that education and obscure those principles, it would be a false step for Socialists to attempt to take part in the Parliamentary contest.”

I shall not attempt to describe the debate, in which Morris, Mrs Wilson, Davis, and Tochatti did battle with Burns, Mrs Besant, Bland, Shaw, Donald, and Rossiter: that is, with Fabian and S.D.F. combined. Suffice it to say that the minutes of the meeting close with the following significant note by the secretary:

“Subsequently to the meeting, the secretary received notice from the manager of Anderton's Hotel that the Society could not be accommodated there for any further meetings.”

Everybody voted, whether Fabian or not; and Mrs Besant and Bland carried their resolution by 47 to 19, Morris's rider being subsequently rejected by 40 to 27.

I must not linger over those high old times, tempting as they

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are. In order to avoid a breach with the Fabians who sympathized with Mrs Wilson, we proceeded to form a separate body within the Society, called the Fabian Parliamentary League, which any Fabian could join or not as he pleased. I am afraid I must read you at full length the preliminary manifesto of this body. It is dated February 1887:

### MANIFESTO OF THE FABIAN PARLIAMENTARY LEAGUE

"The Fabian Parliamentary League is composed of Socialists who believe that Socialism may be most quickly and most surely realized by utilizing the political power already possessed by the people. The progress of the Socialist party in the German Reichstag, in the Legislatures of the United States, and in the Paris Municipal Council, not only proves the possibility of a Socialist party in Parliament, but renders it imperative on English Socialists to set energetically about the duty of giving effect in public affairs to the growing influence of Socialist opinion in this country.

"The League will endeavor to organize Socialist opinion, and to bring it to bear upon Parliament, municipalities, and other representative bodies; it will, by lectures and publications, seek to deal with the political questions of the day, analysing the ultimate tendencies of measures as well as their immediate effects, and working for or against proposed measures of social reform according as they tend towards, or away from, the Socialist ideal.

"The League will take active part in all general and local elections. Until a fitting opportunity arises for putting forward Socialist candidates to form the nucleus of a Socialist party in Parliament, it will confine itself to supporting those candidates who will go furthest in the direction of Socialism. It will not ally itself absolutely with any political party; it will jealously avoid being made use of for party purposes; and it will be guided in its action by the character, record, and pledges of the candidates before the constituencies. In Municipal, School Board, Vestry, and other local elections, the League will, as it finds itself strong enough, run candidates of its own, and by placing trustworthy

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Socialists on local representative bodies it will endeavor to secure the recognition of the Socialist principle in all the details of local government.

"It will be the duty of members of the League, in every borough, to take active part in the public work of their districts; and to this end they should organize themselves into a Branch of the League. They should appoint a secretary to keep lists of all annual and other elections in his district and of all candidates; to attend to the registration of Socialists; to watch the public conduct of all officials, and keep a record thereof for guidance at future elections; to enlist volunteers for special work, and generally to act as a centre of the organization. Individual members should write to their Parliamentary representatives on any Bill on which the League takes action; should take every opportunity of defending and advocating Socialism in their local press; should visit the workhouses of their neighborhood; and should exercise a careful supervision of local funds. By steady work on these and similar lines, Socialists will increase their power in the community, and will before long be able to influence effectively the course of public opinion.

"Socialists willing to co-operate should communicate with J. Brailsford Bright, hon. sec. of the Fabian Parliamentary League, 34 Bouvierie Street, Fleet Street, E.C., who will give full details as to the method of organizing a Branch of the League.

### THE COUNCIL OF THE FABIAN PARLIAMENTARY LEAGUE.

*February 1887.*

#### RULES OF THE LEAGUE

"1. That the name of the Society be The Fabian Parliamentary League.

"2. That the minimum subscription be 2s. 6d. per annum.

"3. That at the annual general meeting the Society shall elect a Council, which shall hold office for one year, the secretary, or secretaries, and the treasurer being appointed at the same meeting.

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“4. That each Branch shall appoint a member to serve on the Council.

“5. That meetings of the members of the League shall be held at least once in every three months, and on such other occasions as the Council shall think necessary.”

Here you have the first sketch of the Fabian policy of to-day. The Parliamentary League, however, was a short-lived affair. Mrs Wilson's followers faded away, either by getting converted or leaving us. Indeed, it is a question with us to this day whether they did not owe their existence solely to our own imaginations. Anyhow, it soon became plain that the Society was solidly with the Executive on the subject of political action, and that there was no need for any separate organization at all. The League first faded into a Political Committee of the Society, and then merged silently and painlessly into the general body. During its separate existence it issued two tracts, a criticism of seven Bills then before Parliament, and The True Radical Programme, which still survives in an up-to-date form as our Tract No. 11, The Workers' Political Program. One other point about the League must be noted. Mrs Besant tried to form provincial branches of it; and soon such branches did draw breath for a moment here and there in the country. I have not the least idea what became of them, nor is anyone present, I venture to say, wiser than I in the matter. This failure was not to be wondered at; for outside Socialist circles in London the Society remained unknown. It was still unable to bring up its roll of members to a hundred names; and its funds were so modest that nobody ever thought of proposing that we should keep a banking account or rent an office. In fact, we were literally passing rich on £40 a year. There may be among the delegates of the younger Societies represented here, one or two who stand in some awe of the London Society. It may do them good to know that the Birmingham Fabian Society, on the very first day of its existence, was more numerous and more prosperous pecuniarily than the London Society was until quite the other day; and I daresay the same is true of other provincial

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Fabian bodies. If ever there was a Society which lived by its wits, and by its wits alone, that Society was the Fabian.

### SOCIALISM "EQUIPPED WITH ALL THE CULTURE OF THE AGE"

By far our most important work at this period was our renewal of that historic and economic equipment of Social Democracy of which Ferdinand Lassalle boasted, and which had been getting rustier and more obsolete ever since his time and that of his contemporary Karl Marx. In the earlier half of this century, when these two leaders were educated, all the Socialists in Europe were pouncing on Ricardo's demonstration of the tendency of wages to fall to bare subsistence, and on his labor theory of value, believing that they constituted a scientific foundation for Socialism; and the truth is that since that bygone time no Socialist (unless we count Ruskin) had done twopennyworth of economic thinking, or made any attempt to keep us up to date in the scientific world. In 1885 we used to prate about Marx's theory of value and Lassalle's Iron Law of Wages as if it were still 1870. In spite of Henry George, no Socialist seemed to have any working knowledge of the theory of economic rent: its application to skilled labor was so unheard of that the expression "rent of ability" was received with laughter when the Fabians first introduced it into their lectures and discussions; and as for the modern theory of value, it was scouted as a blasphemy against Marx, with regard to whom the Social Democratic Federation still maintains a Dogma of Finality and Infallibility which has effectually prevented it from making a single contribution to the economics of Socialism since its foundation. As to history, we had a convenient stock of imposing generalizations about the evolution from slavery to serfdom and from serfdom to free wage labor. We drew our pictures of society with one broad line dividing the bourgeoisie from the proletariat, and declared that there were only two classes really in the country. We gave lightning sketches of the development of the medieval craftsman into the

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manufacturer and finally into the factory hand. We denounced Malthusianism quite as crudely as the Malthusians advocated it, which is saying a good deal; and we raged against emigration, National Insurance, Co-operation, Trade Unionism, old-fashioned Radicalism, and everything else that was not Socialism; and that, too, without knowing at all clearly what we meant by Socialism. The mischief was, not that our generalizations were unsound, but that we had no detailed knowledge of the content of them: we had borrowed them ready-made as articles of faith; and when opponents like Charles Bradlaugh asked us for details we sneered at the demand without being in the least able to comply with it. The real reason why Anarchist and Socialist worked then shoulder to shoulder as comrades and brothers was that neither one nor the other had any definite idea of what he wanted or how it was to be got. All this is true to this day of the raw recruits of the movement, and of some older hands who may be absolved on the ground of invincible ignorance; but it is no longer true of the leaders of the movement in general. In 1887 even the British Association burst out laughing as one man when an elderly representative of Philosophic Radicalism, with the air of one who was uttering the safest of platitudes, accused us of ignorance of political economy; and now not even a Philosophic Radical is to be found to make himself ridiculous in this way. The exemplary eye-opening of Mr Leonard Courtney by Mr Sidney Webb lately in the leading English economic review surprised nobody, except perhaps Mr Courtney himself. The cotton lords of the north would never dream today of engaging an economist to confute us with learned pamphlets as their predecessors engaged Nassau Senior in the days of the Ten Hours Bill, because they know that we should be only too glad to advertise our Eight Hours Bill by flattening out any such champion. From 1887 to 1889 we were the recognized bullies and swash-bucklers of advanced economics.

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### HOW TO TRAIN FOR PUBLIC LIFE

Now this, as you may imagine, was not done without study; and as that study could not possibly be carried on by the men who were organizing the unemployed agitation in the streets, the Fabians had a monopoly of it. We had to study where we could and how we could. I need not repeat the story of the Hampstead Historic Club, founded by a handful of us to read Marx and Proudhon, and afterwards turned into a systematic history class in which each student took his turn at being professor. My own experience may be taken as typical. For some years I attended the Hampstead Historic Club once a fortnight, and spent a night in the alternate weeks at a private circle of economists which has since blossomed into the British Economic Association—a circle where the social question was left out, and the work kept on abstract scientific lines. I made all my acquaintances think me madder than usual by the pertinacity with which I attended debating societies and haunted all sorts of hole-and-corner debates and public meetings and made speeches at them. I was President of the Local Government Board at an amateur Parliament where a Fabian ministry had to put its proposals into black-and-white in the shape of Parliamentary Bills. Every Sunday I lectured on some subject which I wanted to teach to myself; and it was not until I had come to the point of being able to deliver separate lectures, without notes, on Rent, Interest, Profits, Wages, Toryism, Liberalism, Socialism, Communism, Anarchism, Trade Unionism, Co-operation, Democracy, the Division of Society into Classes, and the Suitability of Human Nature to Systems of Just Distribution, that I was able to handle Social Democracy as it must be handled before it can be preached in such a way as to present it to every sort of man from his own particular point of view. In old lecture lists of the Society you will find my name down for twelve different lectures or so. Nowadays I have only one, for which the secretary is good enough to invent four or five different names. Sometimes I am asked for one of the old ones, to my great dismay, as I forget all about

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them; but I get out of the difficulty by delivering the new one under the old name, which does as well. I do not hesitate to say that all our best lecturers have two or three old lectures at the back of every single point in their best new speeches; and this means that they have spent a certain number of years plodding away at footling little meetings and dull discussions, doggedly placing these before all private engagements, however tempting. A man's Socialistic acquisitiveness must be keen enough to make him actually prefer spending two or three nights a week in speaking and debating, or in picking up social information even in the most dingy and scrappy way, to going to the theatre, or dancing or drinking, or even sweetheating, if he is to become a really competent propagandist—unless, of course, his daily work is of such a nature as to be in itself a training for political life; and that, we know, is the case with very few of us indeed. It is at such lecturing and debating work, and on squalid little committees and ridiculous little delegations to conferences of the three tailors of Tooley Street, with perhaps a deputation to the Mayor thrown in once in a blue moon or so, that the ordinary Fabian workman or clerk must qualify for his future seat on the Town Council, the School Board, or perhaps in the Cabinet. It was in that way that Bradlaugh, for instance, graduated from being a boy evangelist to being one of the most formidable debaters in the House of Commons. And the only opponents who have ever held their own against the Fabians in debate have been men like Mr Levy or Mr Foote, who learnt in the same school.

## COLLARING THE STAR

Now let me return from this digression as to how we grounded ourselves in the historic, economic, and moral bearings of Socialism, to consider the consequences of our newly acquired proficiency. The first effect was, as we have already seen, to make us conscious that we were neither Anarchists nor Insurrectionists. We demolished Anarchism in the abstract by grinding it between human nature and the theory of economic rent; and when, driven

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in disgrace out of Anderton's Hotel, and subsequently out of a chapel near Wardour Street in which we had taken refuge, we went to Willis's Rooms, the most aristocratic, and also, as it turned out, the cheapest place of meeting in London, our favorite sport was inviting politicians and economists to lecture to us, and then falling on them with all our erudition and debating skill, and making them wish they had never been born. The curious may consult the files of Mr George Standring's extinct journal, called *The Radical*, for a graphic account, written by an individualist, of the fate of a well-known member of Parliament who was lured into our web on one of these occasions. The article is suggestively entitled *Butchered to make a Fabian Holiday*. We also confuted Co-operation in the person of Mr Benjamin Jones on a point on which we now see reason to believe that we were entirely in the wrong, and he entirely in the right.

The butchery of the M.P. took place on the 16th March 1888, four months after the rout at Trafalgar Square. Trade had revived; and with the disappearance of the unemployed the occupation of the Federation was gone. Champion was trying to organize a Labor party with a new paper; Burns, just out of prison for the Square affair, was getting into political harness at Battersea; and the Star newspaper was started. We collared the Star by a stage-army stratagem, and before the year was out had the assistant editor, Mr H. W. Massingham, writing as extreme articles as Hyndman had ever written in *Justice*. Before the capitalist proprietors woke up to our game and cleared us out, the competition of the Star, which was immensely popular under what I may call the Fabian régime, had encouraged a morning daily, the Chronicle, to take up the running; and the Star, when it tried to go back, found that it could not do so further than to Gladstonize its party politics. On other questions it remained and remains far more advanced than the wildest Socialist three years before ever hoped to see a capitalist paper. Nowadays even the Daily News has its Labor column, although five years ago the editor would as soon have thought of setting aside a column for Free-thinkers.

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### PERMEATING THE LIBERALS

However, I must not anticipate. In 1888 we had not been found out even by the Star. The Liberal party was too much preoccupied over Mr O'Brien's breeches and the Parnell Commission, with its dramatic climax in the suicide of the forger Pigott, to suspect that the liveliness of the extreme left of the Radical wing in London meant anything but the usual humbug about working-class interests. We now adopted a policy which snapped the last tie between our methods and the sectarianism of the Federation. We urged our members to join the Liberal and Radical Associations of their districts, or, if they preferred it, the Conservative Associations. We told them to become members of the nearest Radical Club and Co-operative Store, and to get delegated to the Metropolitan Radical Federation and the Liberal and Radical Union if possible. On these bodies we made speeches and moved resolutions, or, better still, got the Parliamentary candidate for the constituency to move them, and secured reports and encouraging little articles for him in the Star. We permeated the party organizations and pulled all the wires we could lay our hands on with our utmost adroitness and energy; and we succeeded so far that in 1888 we gained the solid advantage of a Progressive majority, full of ideas that would never have come into their heads had not the Fabian put them there, on the first London County Council. The generalship of this movement was undertaken chiefly by Sidney Webb, who played such bewildering conjuring tricks with the Liberal thimbles and the Fabian peas, that to this day both the Liberals and the sectarian Socialists stand aghast at him. It was exciting whilst it lasted, all this "permeation of the Liberal party," as it was called; and no person with the smallest political intelligence is likely to deny that it made a foothold for us in the press and pushed forward Socialism in municipal politics to an extent which can only be appreciated by those who remember how things stood before our campaign. When we published *Fabian Essays* at the end of 1889, having ventured with great misgiving on a subscription edition of a

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thousand, it went off like smoke; and our cheap edition brought up the circulation to about twenty thousand. In the meantime we had been cramming the public with information in tracts, on the model of our earliest financial success in that department, namely, *Facts for Socialists*, the first edition of which actually brought us a profit—the only instance of the kind then known. In short, the years 1888, 1889, 1890 saw a Fabian boom, the reverberation of which in the provinces at last produced the local Fabian Societies which are represented here tonight. And I now come to the most important part of this paper; for I must at once tell you that we are here, not to congratulate ourselves on the continuance of that boom, but to face the fact that it is over, and that the time has come for a new departure.

One day, about a year ago, a certain “Liberal and Radical” London member of Parliament, having been coaxed by Webb to the point of admitting that his aims were exactly those of the Socialists, namely, the extinction of incomes derived from privately appropriated rent and interest, and that it was therefore his high destiny to lead the working classes along the path of progress, was asked to get to business. Thereupon he made the discovery that he was not a Socialist and that Webb was. The intelligence spread with remarkable rapidity to all the official Liberals who had been reached by the Fabian influence; and the word was promptly given to close up the ranks of Capitalism against the insidious invaders. As in the case of the *Star* newspaper, the discovery came too late. It is only necessary to compare the Nottingham program of the National Liberal Federation for 1887 with the Newcastle program for 1891, or to study the Liberal and Radical Union program for the 1892 London County Council election, to appreciate the extent to which the policy of permeating the party organizations with Socialism had succeeded. The official leaders of the Liberal party cannot now turn their followers back: they can only refuse to lead them and sit as tight as they can under the circumstances. The Radicals are at last conscious that the leaders are obstructing them; and they are now looking for a lead in attacking the obstruction. They say to us,

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in effect, "Your policy of permeating has been successful: we *are* permeated; and the result is that we find all the money and all the official power of our leaders, who are not permeated and cannot be permeated, arrayed against us. Now shew us how to get rid of those leaders or to fight them." I want to impress this situation on you, because there are some Rip Van Winkles in our movement who are only now waking up to the special variety of permeating work which was begun in 1886 and finished in 1890, and who, now that it is over and done with as far as the London Fabian is concerned, are protesting loudly against its being begun. No doubt there still remains, in London as everywhere else, a vast mass of political raw material, calling itself Liberal, Radical, Tory, Labor, and what not, or even not calling itself anything at all, which is ready to take the Fabian stamp if it is adroitly and politely pressed down on it. There are thousands of thoroughly Socialized Radicals today who would have resisted Socialism fiercely if it had been forced on them with taunts, threats, and demands that they should recant all their old professions and commit what they regard as an act of political apostasy. And there are thousands more, not yet Socialized, who must be dealt with in the same manner. But whilst our propaganda is thus still chiefly a matter of permeation, that game is played out in our politics. As long ago as 1889 we plainly said, in the last Fabian Essay—Bland's Political Outlook—that the moment the party leaders realized what we were driving at, they would rally round all the institutions we were attacking, even at the cost of coalescing with their rivals for office, unless they could put us off more cheaply by raising false issues such as Leaseholds Enfranchisement, Disestablishment of the Church, or bogus "endings or mendings" of their cherished bulwark the House of Lords. We now feel that we have brought up all the political laggards and pushed their parties as far as they can be pushed, and that we have therefore cleared the way to the beginning of the special political work of the Socialist—that of forming a Collectivist party of those who have more to gain than to lose by Collectivism, solidly arrayed against those who have more to lose than to gain.

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by it. That is the real subject of this Conference. Whether the time is ripe now or not, to that it must come at last; for even the most patient Fabians are growing anxious to make their position clear and to escape from the suspicion of being a mere left wing of the party which rallies round Messrs Bryant & May's statue to Mr Gladstone. We are especially loth to let the forthcoming general election pass without making it known that the eight years' work which I am sketching for you in this paper was not done for the sake of the sweaters and place-hunters who will presently be claiming the credit of it at the polls. Not that we would hesitate to let the credit go for the moment to any quarter, however venal, from which we could get a fair return in substantial concessions to our cause; but in this instance we believe that our natural inclinations and our political interests point to the same course, that of making it understood that Fabianism is neither official Liberalism nor official Toryism, but an intelligent Collectivism that will eventually wear down both.

## THE TACTICS OF THE SOCIAL DEMOCRATIC FEDERATION

And now, some of you will be inclined to ask whether this does not mean that we have at last come round to the views of the Social Democratic Federation. The reply is that our *views* have always been the same as those of that body. On the 29th February 1884, Mr Bland moved at a Fabian meeting the following resolution:

“That whilst not entirely agreeing with all the statements and phrases used in the pamphlets of the Democratic Federation and in the speeches of Mr Hyndman, this Society considers that the Democratic Federation is doing a good and useful work and is worthy of sympathy and support.”

That was carried *nem. con.*; and it would no doubt be carried unanimously here this evening if Mr Bland were to move it again. But we did not proceed to amalgamate with them in 1884 any more than we shall tonight. Our organization and our methods are radically different; and the experience of the past eight years

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has strengthened our preference for our own and confirmed our objection to theirs. Let me enumerate a few of the differences. In the first place, the Fabian Society is a society for helping to bring about the Socialization of the industrial resources of the country. The Social Democratic Federation is a society for enlisting the whole proletariat of the country in its own ranks and itself Socializing the national industry. The Federation persistently claims to be the only genuine representative of working-class interests in England. It counts no man a Socialist until he has joined it, and supports no candidate who is not a member. If one of its speakers supports an outside candidate, he is disowned. Only the other day the Executive Council of the Federation proposed that no member should even vote for any candidate not enrolled in its ranks.<sup>1</sup> The Federation chooses its own candidates without consulting its neighbors, and sends them to the poll, when it has the money, without the slightest regard to the possibility of such a course making a present of the seat to the least Socialistic candidate in the field. This implacably sectarian policy evidently depends for its success on the recruiting powers of the society which adopts it. It was planned in the days when we all believed that Socialism had only to be explained to the working classes to bring every working man, not only in England but in Europe—nay, in the world—into our ranks. It would clearly be the right policy if four out of every five men in England were members of the Social Democratic Federation. But the experience of over half a century of agitation has proved that no such result is possible. The Federation, in every centre of the population where it exists, is practically as insignificant a minority as the Fabian. The ablest working class agitators it ever produced, John Burns and Tom Mann, had to free themselves from it the moment they gained sufficient political experience to see that a united nation of subscribers to the Social Democratic Federation can never be anything more than a dream. A necessary part of

<sup>1</sup> This policy was finally adopted, and promulgated in the S.D.F. Manifesto issued on the occasion of the General Election in June-July 1892. See, however, the postscript to this tract.

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the Federation policy is the denunciation, as misleaders of the people, of Radicals, Co-operators, Teetotallers, Trade Unionists, Fabians, and all rival propagandists. The result of this is that the Federation branches are not merely insignificant in numbers, but unpopular as well, in spite of the admittedly stimulating effect of their meetings on the political activity of the working class. Their hand being against every outsider, every outsider's hand is naturally against them; and as the outsiders outnumber them by more than a thousand to one, they cannot get any real influence among the men who really manage the political work and organization of the working classes, and who are of course all Co-operators, Teetotallers, Trade Unionists, or party men of one kind or another. For it is only your middle-class enthusiast who comes into the movement by reading Mazzini or Marx, without any previous experience in the only sort of organization hitherto open to working men of any organizing capacity. The net result is that wherever the Federation can shew a fair degree of success in branch work, it will be found that the branches have modified their policy in the Fabian direction. In Battersea, for instance, they were only masters of the situation whilst they followed John Burns, who, like Tom Mann, is insanely denounced by the central council as a mercenary renegade, and who, in return, makes no secret of his unbounded contempt for Federation tactics. At Manchester, too, where the Federation has had a creditable success, the branch practically repudiates the central authority by maintaining harmonious relations with the new Unionism which Burns inaugurated down at the docks here. In London the Federation would be a cipher but for the fact that it has stopped short of boycotting the Trades Council, on which it is strongly represented.

## FABIAN TACTICS

Now let us look at the Fabian tactics. We have never indulged in any visions of a Fabian army any bigger than a stage army. In London we have never publicly recruited except for other bodies. When I lecture for the Federation, I do not invite workmen to

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join the Fabian, but to join the branch for which I am lecturing. So far are we from encouraging the rush of members that has lately come upon us, that we have actually tried to check it by insisting on stricter guarantees of the sincerity of the applicants' acceptance of our basis; and I do not hesitate to say that if it were not for the need of spreading the cost of our work over as large a number of subscribers as possible, we should be tempted to propose the limitation of our society in London to a hundred picked members. We have never advanced the smallest pretension to represent the working classes of this country. No such absurdity as a candidate nominated by the Fabian Society alone has ever appeared in London, though we flatter ourselves that a candidate finds it no disadvantage now to be a Fabian. Although we think we can see further ahead than the mere Trade Unionist or Co-operator, we are ready to help them loyally to take the next step ahead that lies in their path. When we go to a Radical Club to inveigh against the monopolies of land and capital, we know perfectly that we are preaching no new doctrine, and that the old hands were listening to such denunciations twenty-five years before we were born, and are only curious to know whether we have anything new in the way of a practical remedy. In short, we know that for a long time to come we can only make headway by gaining the confidence of masses of men outside our Society who will have nothing to do with us unless we first prove ourselves safe for all sorts of progressive work. For this we are denounced by the Social Democratic Federation as compromisers of our principles, Liberal wire-pullers, and sham middle-class Socialists of the gas-and-water variety.

Again, consider our relation to the local Societies. Unlike the Federation branches, these are so perfectly independent of our control or dictation, that one of them has already tried Federation tactics at the School Board election, with the result that its candidates were thoroughly beaten and the Society effectually discredited. We insisted on this independence ourselves, seeing the advantage of each Society being able to appeal for support as an independent and autonomous local body, not committed in any

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and invite us to help them in any convenient way without the slightest regard to the denunciations of us in which Justice periodically indulges. On our side we take no offence and bear no grudge, knowing too well how often our success has been made easy by their exertions in breaking ground for us. But I think you will now see that it is impossible for us ever to amalgamate with the Social Democratic Federation whilst it remains a federation, or to recommend any of our local Societies to venture on such a step. If such an amalgamation ever takes place, it will come about by branches of the Federation from time to time throwing off the leadings strings of that body and combining with the other Socialists of the town, including the Fabians, to form a local independent Socialist Society.

## SCIENTIFIC CLASS WARFARE

But however we may combine or divide our forces, our tactics must always depend on our strength at the moment. At present it is good tactics for the United States to bully Chili; but it would be bad tactics for Portugal to bully England. It is good tactics to run a Labor candidate at Battersea: it would be folly to run one at Hampstead. If the numbers of the Fabian Society in any constituency ever rise to the point of making the result of the election depend on the Fabian vote, that Society will not only run Fabian candidates, but will run them with a high-handedness that will astonish even the Federation. It may be said, roughly, that the tactics of the Fabian Society will change with every additional thousand of its members. Only, remember, the addition must be a real addition. Our rolls of membership must not be padded with the names of deadheads who join in a fit of short-lived enthusiasm, and drop off after three weeks. In London we have always kept up a system of periodical purging so as to make our roll represent our real strength. If a member disappears for any length of time, or ceases to subscribe, he is asked whether he has changed his mind, and is struck off if his reply is not satisfactory. Thus our first rule is not to try and deceive our-

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selves as to our power. I will not pretend that we are always as scrupulous in the matter of enlightening other people. Though we have never deceived the public by overstating our numbers, we have not always insisted on undeceiving them when they shewed a disposition to make concessions to us which they would perhaps have thought twice about if their notions of our bulk had been derived from our official records instead of from their imaginations. But in politics as in the game of poker, bluffing belongs only to the early days of the game. The moment you go to the poll, all concealment is at an end. When the Social Democratic Federation consisted of about forty members, the Church Review estimated them at about 4000; and it was possible then to laugh at the Church Review with an air which conveyed to the superstitious that 40,000 would have been nearer the mark. But after 1885 there was an end of that, just as there will be an end, after the coming General Election, of all romantic notions about the influence of the Fabian. In 1888 it only cost us twenty-eight postcards written by twenty-eight members to convince the newly born Star newspaper that London was afame with Fabian Socialism. In 1893 twenty-eight dozen postcards will not frighten the greenest editor in London into giving us credit for an ounce over our real weight. The School Board election has robbed us of half our imaginary terrors; the County Council election may take away the rest; the General Election will finish the bluffing element in our tactics for ever.<sup>1</sup> No more unearned increment of prestige for us then; for though rumor may count us at two hundred to the score, the returning officer will count us strictly at twelve to the dozen, and publish the results where everyone will read them. Thenceforth we shall play with our cards on the table. Our business will then be, not to talk crudely

<sup>1</sup> This anticipation has fortunately not been justified by the event. Six members of the Fabian Society are now members of the County Council; and it is not too much to claim that the result of the General Election upset every estimate of the political situation except the Fabian one. See the preface to the 1892 edition of *Fabian Tract No. 11, The Workers' Political Program.*

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about the Class War, with very cloudy notions as to the positions of the two camps and the uniforms of the two armies (both of which, by the bye, will sport red flags), but to organize it scientifically so that we shall drain the opposite host of every combatant whose interests really lie with ours. The day has gone by for adopting Fergus O'Connor's favorite test of the unshaven chin, the horny hand, and the fustian jacket as the true distinctive mark of the soldier of liberty. Nor will the Trade Unionist test of having at some time done manual work for weekly wages serve us. Such distinctions date from the days when even the ability to read and write was so scarce, and commanded so high a price both in money and social status, that the educated man belonged economically to the classes and not to the masses. Nowadays the Board Schools have changed all that. The commercial clerk, with his reading, his writing, his arithmetic, and his shorthand, is a proletarian, and a very miserable proletarian, only needing to be awakened from his poor little superstition of shabby gentility to take his vote from the Tories and hand it over to us. The small tradesmen and ratepayers who are now allying themselves with the Duke of Westminster in a desperate and unavailing struggle against the rising rates entailed by the eight hours' day and standard wages for all public servants, besides great extensions of corporate activity in providing accommodation and education at the public expense, must sooner or later see that their interest lies in making common cause with the workers to throw the burden of taxation directly on to unearned incomes, and to secure for capable organizers of industry the prestige, the pensions, and the permanence and freedom from anxiety and competition which municipal employment offers. The professional men of no more than ordinary ability, struggling with one another for work in the overstocked professions, are already becoming far more tired of Unsocialism and Competition than the dock laborers are, because revivals of trade bring them no intervals of what they consider good times. In short, all men except those who possess either exceptional ability or property which brings them in a considerable unearned in-

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come, or both, stand to lose instead of to win by Unsocialism; and sooner or later they must find this out and throw in their lot with us. Therefore to exclude middle-class and professional men from our ranks is not "scientific Socialism" at all, but the stupidest sort of class prejudice. It would be far more sensible to exclude those skilled artizans who make several pounds a week; work overtime with reckless selfishness; and have even been known to refuse to employ laborers belonging to unions. But there is no need to exclude anybody. The real danger is that since we are certain to have an increasing number of professional men, tradesmen, clerks, journalists, and the like, in our ranks, these men may by their superior education, or rather their superior literateness—which is not exactly the same thing—and by their more polished manners, be chosen too often as candidates at elections and as committee-men. This would be a most fatal mistake; for it is of the first importance that all our candidates and executive council-men should be the ablest men in the movement, whereas the presumption must always be that our recruits from the professions and from business would not have joined us if they had not lacked the exceptional energy and practical turn which still enable men to make fortunes, or at least very comfortable incomes, in those classes. To become a Fabian agitator would hardly be looked on as promotion by Sir Charles Russell, or Mr Whiteley, or the President of the Royal Academy, or a physician or dentist earning £1500 a year. Speaking for myself as a professional man, claiming to be able to do a somewhat special class of work, I may say that the more my ability becomes known, the more do I find myself pressed to spend my time in shovelling guineas into my pocket instead of writing Fabian papers, attending to the Fabian Executive work, lecturing, revising or compiling tracts, and writing papers like the present. My case is a typical one; and it shews that if the working classes run after middle-class men as representatives, they will have to choose between pecuniarily disinterested men and men who are discontented because they are not clever enough to get their fill of work or money in their professions or businesses. Now,

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though every clever and warmhearted young gentleman bachelor enjoys from two to ten years of disinterestedness, during which good work can be got from him, yet in the long run he gets tired of being disinterested. *Permanently* disinterested men of ability are very scarce: it is easier to find a thousand men who will sacrifice valuable chances in life once than to find a single man who will do it twice. And average duffers, though plentiful, are not to be trusted with the generalship of so great a campaign as ours. Consequently, the workers should make it a rule always to choose one of their own class as a candidate or council-man, except when the middle-class candidate has given special proofs of his ability and disinterestedness. This is why I myself have so often urged working-class audiences to believe in themselves and not run after the tall hats and frock coats. It is only the clever wage-workman to whom political leadership in the workman's cause comes as a promotion.

My task, I am happy to say, is now done. You know what we have gone through, and what you will probably have to go through. You know why we believe that the middle classes will have their share in bringing about Socialism, and why we do not hold aloof from Radicalism, Trade Unionism, or any of the movements which are traditionally individualistic. You know, too, that none of you can more ardently desire the formation of a genuine Collectivist political party, distinct from Conservative and Liberal alike, than we do. But I hope you also know that there is not the slightest use in merely expressing your aspirations unless you can give us some voting power to back them, and that your business in the provinces is, in one phrase, to create that voting power. Whilst our backers at the polls are counted by tens, we must continue to crawl and drudge and lecture as best we can. When they are counted by hundreds we can permeate and trim and compromise. When they rise to tens of thousands we shall take the field as an independent party. Give us hundreds of thousands, as you can if you try hard enough, and we will ride the whirlwind and direct the storm.

# THE COMMON SENSE OF MUNICIPAL TRADING

(1904)



# THE COMMON SENSE OF MUNICIPAL TRADING

(1904)

## FOREWORD TO FIRST EDITION

THERE is a child's schoolbook, which I have never seen, entitled *Reading Without Tears*. I am half tempted to borrow from its author to the extent of calling this book *Municipal Trading Without Figures*. At all events, there are no figures in this book; and the reader will soon learn from it that the figures with which he has been so grievously pelted from other quarters do not matter. The question whether municipal trading is sound in principle cannot be settled by the figures of this or that adventure in it, any more than the soundness of banking or insurance can be settled by the figures of this or that big dividend or disastrous liquidation. Besides, the balance sheet of a city's welfare cannot be stated in figures. Counters of a much more spiritual kind are needed, and some imagination and conscience to add them up, as well.

I hope nobody will be deterred from reading this book by the notion that the subject is a dry one. It is, on the contrary, one of the most succulent in the whole range of literature. If I, a playwright and philosopher by profession and predilection, have found it not only possible but interesting to spend my afternoons for six years in the committee rooms of a Suburban Vestry and Borough Council to gain the practical knowledge which is at the back of this little book, the most romantic of my literary customers may very well endure to hear me draw the moral of my experience for four hours.

LONDON,  
*February 1904.*



## PREFACE TO THE FABIAN EDITION

WHEN I handed over this work to the Fabian Society to be distributed at a price low enough to make it easy for those most concerned to buy a copy, I did not find it necessary to add any new matter or withdraw any old. The ordinary electioneering opponents of municipal trading had for the most part left my book alone, having neither the economic knowledge, the practical experience of municipal work, nor the literary skill to cope with me. But they still persuade the public that trading municipalities are staggering towards bankruptcy under a burden of ever-increasing debt. The trick is simple: instead of calling the funds of the municipality its capital, you call it "municipal debt," and go on to contend that the success of the municipalities in serving the public at cost price and eliminating idle shareholders, means that they are less capable and businesslike than the commercial concerns which measure their soundness by the excess of their charges over their expenses, and by the resultant magnitude of their dividends.

But the opponents of municipal trading could not, when this book was first published, get over the unanswerable fact that in spite of all their denunciations of our municipalities as bankrupt and mismanaged concerns—denunciations which would have ruined even the soundest private businesses, but against which private businesses have a remedy (witness the enormous damages obtained by "the Soap Trust" against a popular newspaper which can slander municipal trading with complete impunity)—municipal credit, as shewn by the prices of its stock, remained unshaken; and the very people who were declaring it to be worthless were glad to invest their own money in municipal stock at gilt-edged prices. They did, however, point out triumphantly that the price of municipal stock had fallen, and that the London County Council could no longer get as much money as it wanted at 3 per cent. In reply, I could only say that a controversialist desperate enough to claim that this is the result of a

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loss of confidence in municipal security is desperate enough for anything. The credit of our municipalities stood as high as ever. What really happened was that the value of money had risen after the South African War. Consols had fallen from above par to nearly eighty. The bank rate had touched seven. The Anti-Municipalizers forget that if they wish to claim a fall in the price of municipal stock as evidence that their campaign against English civic activity is producing some effect, they must point, not to a general fall in prices which has hit private enterprises much harder than public enterprises, but to a fall confined to municipal stocks and unaccompanied by a rise in the price of money. It is no use triumphing over the difficulties of the Borough Treasurer when the Chancellor of the Exchequer and the Rothschilds are in the same straits. The argument would not be worth mentioning but that it illustrates the amazing ineptitude and ignorance with which the question is discussed in the daily press.

Perhaps the stupidest cry raised in the Anti-Municipal agitation—which is really an agitation to reserve all public services for the profit of private individuals—is the cry for “a commercial audit.” I venture to believe that no honorable and sensible man who will take the trouble to read these pages will ever again disgrace himself by echoing that cry, or by casting a vote for any person capable of such an elementary blunder. Those who did so at the last municipal elections are now sufficiently ashamed of themselves; and we hear nothing more of the gentlemen who think a reduction of the death-rate a commercial mistake because it does not shew a profit of 10 per cent in cash, as it would have to do before a contractor would undertake it. But we must face the fact that honorable, sensible, and ordinarily intelligent people, from thoughtlessness, ignorance, and the tyranny of commercial habit, do make these blunders, and, as voters, become the tools of the moneyed interests which see in every extension of municipal activity the closing to them of some field which has been to them a veritable Tom Tiddler’s ground on which they have been picking up gold and silver at the expense of the ratepayers for years past.

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It is generally assumed that the result of the municipal elections of 1907 was a severe set-back for municipal trading. The causes of that set-back, in so far as they had produced a genuine revolt of the ratepayer against municipal activity, are explained in this book. Before the revolt occurred I pointed out that our system of rating, and the success with which the cost of our social ameliorations was being evaded by the property owners and by the working classes, and thrown on the struggling mass of middle-class ratepayers, was producing intolerable injustice. The remedy proposed—that of putting back the clock—was impracticable. I knew, and everybody who had ever served on a public body knew, that the first hour spent on a committee would knock out of the new representatives most of the nonsense they had been talking at their election meetings, and that the most intelligent and disinterested of them would presently become ardent municipalizers. But it is still true that until municipal finance is radically reformed, and constitutional machinery provided for public enterprises extending over much larger areas than those marked out by our present obsolete and obstructive municipal boundaries, we shall continue to have ratepayers' revolts, and crippled public enterprise.

In London the issue was so confused with the usual political party considerations that hardly anyone noticed that the clean sweep which was supposed to have been made of Municipal Socialists was really a clean sweep of those Liberals who had been the most determined opponents of the Municipal Socialists in the previous Council. It was these Anti-Socialists who were swept away, whilst the professed Fabian Socialists held their seats in the midst of the *débâcle*. I mention this for the sake of its lesson, which is, that the ratepayers must not put their trust in electioneering literature which proceeds on the wildly erroneous assumption that every Liberal is a Socialist and every Conservative an opponent of State or Municipal activity. There is no salvation for the voter except in understanding exactly what the municipalities are doing; and this book is intended to put him in that position as far as a book can supply the need of that actual

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first-hand experience of the working of municipalities which only very few of us can obtain, and without which I certainly should not have been able, merely as a man of letters, to make my book of any value.

In conclusion, I again warn the ratepayer who is gasping for breath under the pressure of the propertied class squeezing rents from him from above, and the working class squeezing education, housing, medical attendance, poor relief, and old age pensions from him from below, that his condition will become more and more precarious, no matter whether he votes Moderate or Progressive, until he takes his public business as seriously and unromantically as his private business, and resorts to the simple and obvious means of relieving and protecting himself that may be gathered from these pages.

Two new developments of the opposition to civic enterprise have occurred lately. One is the practice of circulating to the ratepayers statements implying that municipal trading and taxation of unearned incomes involve irreligion and licentiousness. This I need not deal with: it is only too obvious that the irreligion and licentiousness in which we are already steeped are the result of abandoning our people to the unscrupulous rapacity of commercial enterprise, which makes huge profits out of the evils our municipalities strive constantly to suppress. No municipality has yet taken or proposed to take a single step against religion or morals, whereas private enterprise openly and shamelessly exploits poverty, vice, and irreligion for its own profit to the despair of the ratepayer, who has to pay for dealing with all the disease, the crime, and the depravation of character that enriches the sweater, the distiller, and the brothel-keeper.

The other development is the offer of Tariff Reform as a means of relieving the ratepayer without recourse to Municipal Socialism. On this I have only to say that if Tariff Reform succeeds in suppressing manufactured imports and substituting home production (its original object), it will not be a source of revenue at all. If, however, importation continues, and a revenue is derived from taxing imports, the ratepayer has no security

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that this revenue will be applied to his relief by increasing our present Grants in Aid by the central government to the local authority rather than to reducing the income-tax on unearned incomes, in which case he would be paying more for imported goods only to see the excess pocketed by the very people who already exact so large a share of his earnings as rent. So, as municipal trading is not an evil to be staved off by any possible means, but a highly desirable and beneficial extension of civilization, equally good for Free Trade and Protectionist countries, there is no reason whatever why the most ardent Tariff Reformer should not also be an ardent Municipal Socialist.

Perhaps the most impudent of the recent complaints of municipal trading is that it drives capital out of the country. It is almost the only sure means of keeping it at home. The present system, which sends English capital to develop Bahia Blanca whilst leaving Birmingham to wallow in its own death-rate, is driving capital abroad as fast as it will go. Municipal trading, if it had nothing more to recommend it than its effect in making home investment compulsory, would be justified by that alone from the patriotic point of view.

G. B. S.

AYOT ST LAWRENCE,  
*15th January 1908.*



## I

## THE COMMERCIAL SUCCESSES OF MUNICIPAL TRADING

MUNICIPAL Trading seems a very simple matter of business. Yet it is conceivable by a sensible man that the political struggle over it may come nearer to a civil war than any issue raised in England since the Reform Bill of 1832. It will certainly not be decided by argument alone. Private property will not yield its most fertile provinces to the logic of Socialism; nor will the sweated laborer or the rackrented and rackrated city shopkeeper or professional man refrain, on abstract Individualist grounds, from an obvious way of lightening his burden. The situation is as yet so little developed that until the other day few quarter columns in the newspaper attracted less attention than the occasional one headed Municipal Trading; but the heading has lately changed in *The Times* to Municipal Socialism; and this, in fact, is what is really on foot among us under the name of Progressivism.

At first sight the case in favor of Municipal Trading seems overwhelming. Take the case of a shopkeeper consuming a great deal of gas or electric light for the attractive display of his wares, or a factory owner with hundreds of work benches to illuminate. For all this light he has to pay the cost of production plus interest on capital at the rate necessary to induce private investors to form ordinary commercial gas or electric light companies, which are managed with the object of keeping the rate of interest up instead of down: all improvement in the service and reductions in price (if any) being introduced with the sole aim of making the excess of revenue over cost as large as possible.

Now the shopkeeper in his corporate capacity as citizen-constituent of the local governing body can raise as much capital as he likes at less than four per cent. It is much easier to stagger consols than to discredit municipal stock. Take the case of the London County Council. For ten years past the whole weight

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of the Government and the newspapers which support it has been thrown against the credit of the Council. A late prime minister denounced it in such terms that, to save his face, his party was forced to turn all the vestries into rival councils on the "divide and govern" principle. The name of the London County Council has been made a hissing among all who take their politics from the Court and the Conservative papers. To such a torrent of denunciation a private company would have succumbed helplessly: the results of an attempt to issue fresh stock would not have paid the printer's bill. But the County Council has only to hold up its finger to have millions heaped on it at less than four per cent. It has to make special arrangements to allow small investors a chance. The very people who have been denouncing its capital as "municipal indebtedness" struggle for the stock without the slightest regard to their paper demonstrations of the approaching collapse of all our municipal corporations under a mountain of debt, and of the inevitable bankruptcy of New Zealand and the Australasian colonies generally through industrial democracy. The investor prefers the corporation with the largest municipal debt exactly as he prefers the insurance company with the largest capital. And he is quite right. Municipal expenditure in trading is productive expenditure: its debts are only the capital with which it operates. And that is why it never has any difficulty in raising that capital. Sultans and South American Republics may beg round the world in vain; chancellors may have to issue national stock at a discount; but a Borough Treasurer simply names a figure and gets it at par.

This is the central commercial fact of the whole question. The shopkeeper, by municipal trading, can get his light for the current cost of production plus a rate of interest which includes no insurance against risk of loss, because the security, in spite of all theoretical demonstrations to the contrary, is treated by the investing public and by the law of trusteeship as practically perfect. Any profit that may arise through accidental overcharge returns to the ratepayer in relief of rates or in public service of some kind.

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The moment this economic situation is grasped, the successes of municipal trading become intelligible; and the entreaties of commercial joint stock organization to be protected against the competition of municipal joint stock organization become as negligible as the plea of the small shopkeeper to be protected against the competition of the Civil Service or Army and Navy Stores. Shew the most bitterly Moderate ratepayer a municipal lighting bill at sixpence a thousand feet or a penny a unit cheaper than the private company charges him, and he is a converted man as far as gas or electric light is concerned. And until commercial companies can raise capital at lower rates than the City Accountant or the Borough Treasurer, and can find shareholders either offering their dividends to relieve the rates or jealously determining to reduce the price of light to a minimum lest they should be paying a share of their neighbors' rates in their lighting bills, it will always be possible for a municipality of average capacity to underbid a commercial company.

Here, then, is the explanation of the popularity and antiquity of municipal trading. As far as their legal powers have gone, municipalities have always traded, and will always trade, to the utmost limits of the business capacity and public spirit of their members.

No doubt a body of timid and incapable councillors will leave as many public services as possible to commercial enterprise, just as, in their private concerns, they keep small shops in a small way instead of becoming Whiteleys and Wannamakers, Morgans, and Carnegies. And a body of rich and commercially able councillors may pursue exactly the same policy because they hold shares in the commercial enterprises which municipal enterprise would supplant, and have in fact deliberately taken the trouble to get elected for the purpose of protecting their private enterprises against the "unfair" (meaning the irresistible) competition of the municipality. Further, a body of amateur doctrinaires who rush into municipal trading on principle without enough business training and experience either to manage the business themselves or allow their staff to do it for them, will make a

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mess of it at first, precisely as that much commoner object the amateur joint stock company makes a mess of it. There is no magic in the ordeal of popular election to change narrow minds into wide ones, cowards into commanders, private ambition into civic patriotism, or crankiness into common sense. But still less is there any tendency to reverse the operation; for the narrowest fool, the vulgarest adventurer, the most impossible fanatic, gets socially educated by public life and committee work to a degree never reached in private life, or even in private commerce. The moment public spirit and business capacity meet on a municipality you get an irresistible development of municipal activity. Operations in land like those effected by the Corporation of Birmingham in Mr Chamberlain's time, and by the London County Council in our own, are taken in hand; and the town supplies of water, of light, of tramways, and even of dwellings, are conquered from competitive commerce by civic co-operation. And there is no arguing with the practical results. You take a man who has just paid a halfpenny for a ride in a municipal tramcar which under commercial management would have cost him a penny or twopence; and you undertake to go into the corporation accounts with him and prove that under a "fair" system of book-keeping he should have paid fourpence. You explain to the working man voter how true economy demands that his relative who is employed as a driver and conductor in the municipal service for ten hours a day, and six days a week, with standard wages and a uniform, should go back to competition wages, seventeen hours, seven days, and his own seedy overcoat and muffler. You buttonhole the shopkeeper who has just paid two and threepence per thousand cubic feet for his gas, with the public lighting rate and a bonus thrown in; and you assure him that unless he votes for a return to the supremacy of the commercial company at three shillings per thousand and a reimposition of the Lighting Rate, the city will be bankrupt and the Mayor replaced by a Man in Possession. You unfold a Union Jack in London, and tell the careworn cockney, who pays for his water to a private company more than double what his

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neighbor across the border pays to the Croydon Corporation, that the Empire stands or falls with the practice of buying water at a price which varies inversely with the quantity consumed, with the right of a water shareholder to a vote in every constituency through which one of his pipes runs, and with the maintenance, free of Probate Duty, of a monopoly granted by James I, and by this time appreciated by 1000 per cent in value. It is all pathetically useless. The municipal trader does not contradict you: he laughs at you. So long as the municipal market is the cheapest market, the public will buy in it; and the protests of the companies are as futile as the protest of the stationer and the apothecary against the stores.

It is not necessary to overload these pages by quoting, from the Municipal Year Book, examples of successful municipal trading in verification of the above. Progressive electioneering literature teems with such examples. The tracts of the Fabian Society and of the London Reform Union, the columns of the Progressive papers, the protests against "municipal indebtedness" in the Anti-Progressive papers, the annual reports of the local authorities, the weekly papers devoted to municipal matters with their endless photographs and figures, the handbooks of municipal socialism compiled by such papers as the Clarion from its own columns, and the County Council returns and parliamentary reports on municipal trading, have so surfeited the public with the facts that a recapitulation here would be beyond human endurance. It is waste of time to force an open door; and in all public services in which the determining commercial factor is practically unlimited command of cheap capital combined with indifference to dividend, the door is more than wide open: it has been carried clean off its hinges by the victorious rush of municipal socialism under the reassuring name of Progressivism.

## II

## MUNICIPAL MANAGEMENT

THE importance of management as a factor in industrial success cannot easily be exaggerated; but management is nowadays as completely dissociated from ownership, and as easy to buy in the market, as machinery. Nobody now suggests that a railway company is an impossibility because railways cannot be managed by a mob of shareholders, even when they act through committees of directors who do not know the difference between a piston rod and a sun-and-planets gear. The directors simply prescribe the results they wish to obtain, and engage a staff of skilled administrators and railway engineers to tell them how to obtain it. Thus the London and North-Western Railway Company manufactures everything it wants, from locomotives to wooden legs, without the intervention of a contractor. A mob of rate-payers acting through a municipal authority is in precisely the same position. The ratepayers are just as stupid and short-sighted as ordinary joint stock shareholders; and the worst of their representatives on the municipalities are as incapable as the worst ordinary guinea-pig directors. But the ratepayers and councillors light their towns with electricity; run tramway services; build dwellings; dredge harbors; erect dust destructors and crematoria; construct roads and manage cemeteries, as easily as a body of clergymen's widows can lay an Atlantic cable if they have money enough, or an illiterate millionaire start a newspaper. The labor market now includes an ability market in which a manager worth £10,000 a year can be hired as certainly as a navvy.

In the ability market, the municipalities have a decisive advantage in the superior attraction of public appointments for prudent and capable organizers and administrators. A municipality can always get an official more cheaply than a company can. A municipality never becomes bankrupt, is never superseded by a new discovery, and never dismisses an official without

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giving his case prolonged consideration in committee, from which he has practically an appeal to the whole body. A man who behaves himself and does his work has nothing to fear in public employment: his income and position are permanently assured. Besides, he enjoys his salary to the full: he has no appearances to keep up beyond the ordinary decencies of life: he need not entertain; need not keep equipages or servants for purposes of ostentation; may travel third class if he likes, live in the most unfashionable neighborhood, belong to what sect he pleases or to no sect, and dispose of his time and gratify his tastes out of office hours with a personal independence unknown to commercial employees. It is no exaggeration to say that these considerations make a municipal post of £350 a year more desirable than some commercial posts and professional practices that bring in £1000 a year; and this is why the ratepayers, in spite of their stinginess in the matter of salaries on the professional scale, get so much better served than they deserve.

All that can be said on the other side is that if the municipal officer has no fears, he has also strictly limited hopes. The Town Clerk and the Borough Engineer, the County Surveyor and the Medical Officer of Health, all know that they will never get £15,000 a year, nor even £5000, in the municipal service. The dreams of vulgar ambition, and the excitements of financial speculation, of party politics, and of fashionable life, are not for them. But these very disabilities have their value as selective conditions. The vulgarly ambitious commercial and social adventurer is very far from representing a desirable type of municipal officer; and ambitions that are not vulgar have full scope in municipal life, where a departmental chief can attain a position of enviable consideration and real public usefulness. Promotion is not only from step to step in the same municipality, but from municipality to municipality; so that if the clerkship to the London County Council, worth £2000 a year with the chance of a knighthood, becomes vacant, every provincial Town Clerk can present himself as a candidate for the post without forfeiting or risking his already secured position in any way. He can also,

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of course, resign his post and engage in commercial enterprise at any moment; but the fact that he practically never does so shews that there is nothing to be gained by such a step.

On the whole, then, when the directors of a joint stock company on the one hand, and the representatives of the ratepayers on the other, both being alike "amateurs carrying on business with other people's money," come into the market to engage an executive staff, the municipality has the advantage of its competitor. It can get its management cheaper as certainly as it can get its capital cheaper.

### III

#### WHEN MUNICIPAL TRADING DOES NOT PAY

If the Medical Officer of Health wants a microscope or the County Surveyor a theodolite, it will not pay the municipality to set up a scientific instrument factory to produce that single article, possibly of a kind which can be produced by half a dozen firms in sufficient quantity to supply the whole of Europe. Even the London County Council, with all its bands, has not yet proposed to manufacture its own trombones. The demand of the authority must be sufficiently extensive and constant to keep the necessary plant fully employed. The moment this limitation is grasped, the current vague terrors of a Socialism that will destroy all private enterprise laugh themselves into air. The more work the municipality does, the more custom it will bring to private enterprise; for every extension of its activity involves the purchase of innumerable articles which can, in the fullest social sense, be produced much more economically by private enterprise, provided it is genuinely self-supporting, and does not sponge on the poor rates or on other private enterprises for part of the subsistence of its employees: in short, provided it works under a "fair wages" clause.

There is another way in which private enterprise will hold its own even in pieces of work sufficiently vast to use up the necessary plant. Personal talent in all its gradations, from smartness and push up to positive genius, plays as important a part in industry as it does in the fine arts. It is perfectly possible for a born captain of industry to be in a position to say to a municipality: "Here is such and such a big undertaking to be carried through. Although I may have to raise at 10 per cent the capital that you can raise at  $3\frac{1}{2}$ ; although I pay and treat my employees so well that they would not exchange my employment for yours; although I have to pay my sub-chiefs double the salaries you can get men of the same quality for; yet I will so organize the work, and so command and inspire my industrial troops that I

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will do the work for less than it will cost you to do it yourselves, and do it better, and have a satisfactory profit for myself into the bargain. Here is my tender, which is lower than the estimate of your Works Department!" Under such circumstances—assuming, of course, that there were sufficient reason to believe that the contractor could make his boast good—the tender should and would be accepted. Nobody who has any experience of opening tenders for important and difficult engineering work will consider this instance far-fetched. Even when the total figure is under £20,000, the difference between the lowest and highest tender is often more than 100 per cent. Although the specification may be so minutely detailed as to leave very little room for variation in the nature or quality of the product, one contractor will undertake work for £6000 which another will ask £14,000 for, without any discoverable ulterior motives. One is driven to conclude that it is the personal factor that makes the difference. Fertility and promptitude in device, boldness and swiftness in execution, power of making other men work enthusiastically: all these may give a contractor as decisive an advantage over a borough engineer as over a rival contractor. Sometimes the advantage is on the other side: it is the municipal official or the committee chairman who suggests improvements and economies to the contractor, upon whose mechanical routine the fresh minds even of a committee of amateurs (which practically always includes somebody who is not an amateur) often play very beneficially. In fact there are many matters in which municipal experience is so necessary that even the ablest contractor, when he first touches public work, can learn a good deal from the most ordinary municipality. But as municipal experience is always at the contractor's service, there is nothing in municipal trading to deprive an able enterpriser of the legitimate advantage of his talent. On the contrary, it protects him against the sort of competition that he really dreads: the competition of scamping and sweating, of underbidding by the apparent cheapness that is really the worst sort of extravagance. It narrows the competition to competition in ability of management and excellence of pro-

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duct, which is just the sort of competition in which he can win.

It follows that a joint stock company, if it is clever or lucky enough to secure a manager of exceptional talent, may compete successfully with a municipality of only ordinary managerial resources. Or, to put the facts in the order in which they usually occur, an industrial genius, by forming a joint stock company to provide him with capital, may do so.

But the business of the world is mainly ordinary work carried on by ordinary men and women. And all such public business of sufficient magnitude to keep the necessary plant working full time until it has paid for itself, can, when it is purely local, be done more cheaply by municipal than by private enterprise.

## IV

### THE ANTI-SOCIAL REACTIONS OF COMMERCIAL ENTERPRISE

IN many public services, labor plays a larger part than machinery. In them, consequently, the cost depends much more on wages and vigor of superintendence than on the rate of interest. Take for example the collection of dust from house to house, where the plant required consists of horses and carts, shovels and baskets. Not only is the cost of this plant negligible compared to the cost of the labor, but the labor is the motive power: the man drives the horse, not the horse the man: the man plies the shovel, not the shovel the man. It is quite otherwise in, for example, an electric lighting station. There the cost of the plant is higher relatively to the cost of labor; and the plant drives the man instead of the man driving the plant; for the steam engine and the dynamo do not stop and pull out a pipe when the foreman goes round the corner. There is another difference: the labor in the electric lighting station is skilled and organized: its price is standardized by Trade Unionism; so that municipalities and commercial companies have to pay the same price for it, and therefore cannot enter into a competition in sweating. The dust-man, on the other hand, is an unskilled, unorganized, casual laborer, obtainable by private employers at a wage which no Progressive municipality, committed to a "moral minimum" subsistence wage, can offer. Furthermore, the private contractor, who, in the dust business, is seldom very delicate in handling his employees, can slavedrive his men in a way that may be very necessary to get the greatest result from their labor at a job in which they have no interest, but which in municipal employment is as impracticable as it is undesirable.

Now it is clear that precisely the same argument that converts even the Moderate ratepayer to municipal electric lighting (its comparative cheapness) converts even the Progressive ratepayer to private enterprise in dust collecting; for no municipality with

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the smallest sense of decency or social duty can bring out its bill for dust collecting at so low a figure as the sweating contractor. Consequently, as long as the question is settled, as it too often is at present, by the ratepayer's thoughtless preference for the lowest tender, municipal trading will be stopped just at the points where it is most needed. For a moment's reflection will convince any intelligent person that whereas the private electric lighting companies do their work as well, if not so cheaply, as the municipalities, the most disastrous inefficiency and unscrupulous recklessness are possible in dust collecting and such cognate work as the stripping or cleansing of rooms after cases of infectious disease. What is more, this inefficiency and recklessness will not only put the ratepayers to heavy private expense for medical attendance, disablement, and so forth, but recoil directly on the rates themselves in sanitary expenditure; whereas the extinction of the electric light for an hour occasionally, though it provokes loud complaints and is undeniably exasperating, costs nothing but the inconvenience of the moment and a little candle grease and lamp oil. We must therefore conclude, not merely that the commercial test is a misleading one, but that the desirability of municipal trading is actually in inverse ratio to its commercial profitableness. A few illustrations will make this clear.

Take the most popular branch of commercial enterprise: the drink traffic. It yields high profits. Take the most obvious and unchallenged branch of public enterprise: the making of roads. It is not commercially profitable at all. But suppose the drink trade were debited with what it costs in disablement, inefficiency, illness, and crime, with all their depressing effects on industrial productivity, and with their direct cost in doctors, policemen, prisons, &c. &c. &c.! Suppose at the same time the municipal highways and bridges account were credited with the value of the time and wear and tear saved by them! It would at once appear that the roads and bridges pay for themselves many times over, whilst the pleasures of drunkenness are costly beyond all reason. Consequently a municipalized drink traffic which should check drinking at the point of excess would be a much better

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bargain for the ratepayers than our present system, even if the profits made at present by brewers and publicans were changed to losses made up by subsidies from the rates.

But the drink traffic is not the best illustration of the fallacy of the commercial test. The main factor to be taken into account in comparing private with public enterprise is neither the Drink Question nor any of the other Questions which occupy so many sectional bodies of reformers, but the Poverty Question, of which all the others are only facets. Give a man a comfortable income and you solve all the Questions for him, except perhaps the Servant Question. Now the all-important difference between the position of the commercial investor and the ratepayer is that whilst the commercial investor has no responsibility for the laborers whom he employs beyond paying them their wages whilst they are working for him, the ratepayer is responsible for their subsistence from the cradle to the grave. Consequently private companies can and do make large profits out of sweated and demoralized labor at the expense of the ratepayers; and these very profits are often cited as proofs of the superior efficiency of private enterprise, especially when they are set in sensational contrast to the inability of municipalities to make any commercial profits at all in the same business.

For example, consider the case of a great dock company. Near the docks three institutions are sure to be found: a workhouse, an infirmary, and a police court. The loading and unloading of ships is dangerous labor, and to a great extent casual labor, because the ships do not arrive in regular numbers of regular tonnage at regular intervals, nor does the work average itself sufficiently to keep a complete staff regularly employed as porters are at a railway station. Numbers of men are taken on and discharged just as they are wanted, at sixpence an hour (in London) or less. This is convenient for the dock company; but it surrounds the dock with a demoralized, reckless, and desperately poor population. No human being, however solid his character and careful his training, can loaf at the street corner waiting to be picked up for a chance job without becoming more or less a

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vagabond: one sees this even in the artistic professions, where the same evil exists under politer conditions, as unmistakeably as in the ranks of casual labor. The shareholders and directors do not live near the docks; so this does not affect them personally. But the ratepayers who do live near the dock are affected very seriously both in person and pocket. A visit to the workhouse and a chat with one of the Poor Law Guardians will help to explain matters.

Into that workhouse every dock laborer can walk at any moment, and, by announcing himself as a destitute person, compel the guardians to house and feed and clothe him at the expense of the ratepayers. When he begins to tire of the monotony of "the able bodied ward" and its futile labor, he can wait until a ship comes in; demand his discharge; do a day's work at the docks; spend the proceeds in a carouse and a debauch; and return to the workhouse next morning, again a destitute person. This is systematically done at present by numbers of men who are by no means the least intelligent or capable of their class. Occasionally the carouse ends in their being taken to the police station instead of returning immediately to the workhouse. And if they are unlucky at their work, they may be carried for surgical treatment to the infirmary; for in large docks accidents that require hospital treatment occur in busy times at intervals of about fifteen minutes. Finally, when they are worn out, they subside into the workhouse permanently as aged paupers until they are buried by the guardians.

Now workhouses, infirmaries, and police courts cannot be maintained for nothing. Of late years workhouses have become much more expensive: in fact the outcry against the increase of the rates, which is being so vigorously used to discredit municipal trading, is due primarily and overwhelmingly to Poor Law, and only secondarily to educational and police expenditure, and has actually forced forward those branches of municipal trading which promise contributions out of their profits in relief of the general rate. This expenditure out of the rates on the workhouse is part of the cost of poverty and demoralization; and if these are

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caused in any district by the employment of casual labor, and its remuneration at less than subsistence rates, then it is clear that a large part of the cost of the casual labor is borne by the ratepayer and not by the dock company. The dividends, in fact, come straight out of the ratepayers' pockets, and are not in any real sense profits at all. Thus is it one of the many ironies of the situation that the sacrifices the ratepayer makes to relieve the poor really go largely to subsidize the rich.

A municipality cannot pick the ratepayer's pocket in this fashion. Transfer the docks to the municipality, and it will not be able to justify a loss at the workhouse and police station by a profit at the docks. The ratepayer does not go into the accounts: all he knows is whether the total number of pence in the pound has risen or fallen. Consequently the municipality, on taking over the docks, would be forced to aim in the first instance at organizing its work so as to provide steady permanent employment for its laborers at a living wage, even at the cost of being overstaffed on slack days, until the difficulty had been solved by new organization and machinery, as such difficulties always are when they can no longer be shirked. Under these conditions it is quite possible that the profits made formerly by the dock company might disappear; but if a considerable part of the pauperism and crime of the neighborhood disappeared simultaneously, the bargain would be a very profitable one indeed for the ratepayers, though *The Times* would abound with letters contrasting the former commercial prosperity of the dock company with the present "indebtedness" of the municipality.

If we now turn back from the grand scale of commercial enterprise as represented by the dock company to the petty scale represented by the parish dust contractor, we find the same danger of false economy. When a municipality does its own dust collecting for a year, it is usually quite easy for those members whose only conception of economy is to reduce every item of expenditure separately to the lowest possible figure, to obtain estimates from contractors offering to do the work for less than it has cost the municipal Works Department. The contractor's secret is a simple

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one: casual labor at very low wages eked out by tips from the householders. And here the consequences reach further than in the case of the docks. The collection of dust, unlike the unloading of ships, has a direct relation to the health, comfort, and energy of the inhabitants. The individual ratepayer who fancies he has saved a few pence by the employment of a contractor may lose anything from a shilling to several pounds through illness, and suffer a constant depreciation of his own energy and that of his employees, if the dust is not punctually, frequently, and efficiently collected. The annoyance and the increase of domestic labor caused by the visits of a casually employed underpaid dustman, even when he is conciliated by tips, is known only to the woman at home, whose worries have an important reaction on the national energy, as married men well know. During smallpox epidemics, which are very costly, rates may be heavily increased by the results of cheap contracting. The ratepayer is always paying for the notifiable infectious diseases, especially scarlet fever, diphtheria, and measles; and if the disinfection after these and after smallpox is done by casual labor, so that the man who disinfects a scarlet fever room today may be discharged by the contractor in the evening, and go straight to an ordinary job tomorrow, the disinfecter may himself spread more infection than he prevents. In sanitary work, then, the cost of poverty in poor law relief, and the cost of the demoralization of the casual laborer in drunkenness and crime, is increased by the cost of inefficiency and hygienic unscrupulousness in disease, with its expensive public routine of inspection, disinfection, cleansing, and stripping, in addition to its privately borne cost in medical attendance, nursing, and disablement.

But it is not yet clear that the remedy is for the municipality to do the work. It may be argued that under a proper system of inspection and an effective scale of resolutely enforced penalties, a contractor could be induced to do it as thoroughly as the municipality itself, without resorting to casual or underfed labor. Let us suppose, then, that a contractor offers to do municipal work at a figure which works out lower than the estimate of the Works

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Department even when the cost of sufficient inspection and enforcement of penalties to secure efficiency is added to the sum named in the contract; and that he also undertakes that everyone in his employment shall, judged by the standard of the laboring class, be in comfortable circumstances. Satisfactory as this seems, there will still be a heavy loss to the ratepayer in accepting the contract unless everyone employed by the contractor actually receives a full living wage, as the following analysis will shew.

The payment of less than a living wage is possible in two ways. There is the direct form in which the underpaid, underfed, underhoused, underclothed, underrespected, undercomforted employee draws on his or her vital capital for a few years and is then discharged and replaced by younger and less exhausted travellers on the same road to ruin. Contractors can make profits on relays of this kind just as publicans in seaports or in the Australian bush can make profits by relays of sailors and shepherds who come to them with the earnings of several months' work, and are thrown out by the potman as soon as all their money is spent in drink. On this form of sweating, common as it is, nothing need be said. To everyone intelligent enough to read a book on municipal trading it must be clear without argument that the employment of a contractor of this type would be ruinously dear to the ratepayer even if the contractor did the work for nothing and paid a bonus in aid of rates into the bargain.

But sweating is not in actual practice so obvious and simple a matter. The commonest and most dangerous form is not the direct and sensationaly cruel sweating of a scandalously wretched victim by a sordidly brutal employer, but the unsensational and quite popular sweating of one industry by another, with the result that the actual starvation of the worker often takes place in neither industry, though it occurs elsewhere in consequence of their relation. This economic phenomenon, which was first analysed by Mr and Mrs Sidney Webb,<sup>1</sup> and is only beginning to be appreciated even by professional economists, is quite com-

<sup>1</sup> Industrial Democracy. By. Sidney and Beatrice Webb (London, Longmans, 1897).

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patible with normal goodnature on the part of the employer and normal cheerfulness and decency on that of the employee.

Take a familiar example. A married laborer, or a shop assistant or clerk of the grade that makes no pretension to gentility, earns, say, from eighteen to twenty-four shillings a week. An additional six shillings a week will make a difference in the comfort and social standing of the family enormously greater than could be produced by raising an income of a thousand a year to five thousand. It is difficult for the readers of, say, the Spectator and The Times, to form any conception of the magnitude of a promotion from eighteen shillings a week to twenty-four, or from twenty-four to thirty. Such well-to-do persons are often scandalized when their attention is called to the apparent ferocity with which the very poor resist Factory Legislation when it protects their children from being withdrawn from school and sent out to earn a few shillings at an early age; but the truth is that if five shillings a week made as much difference to a duke as it does to many laborers, he would send his son out into the streets to earn it at ten years old if the law allowed him. And if he had a couple of sturdy daughters, he would not allow them to eat their heads off at home, so to speak, when they might go into a factory, or dust yard, or shop, and bring home five, ten, twelve, or perhaps even fifteen shillings apiece. If he had no children, or not enough to require a woman's whole time for the housekeeping, his duchess would give half her day as a charwoman in a lower middle-class house for five shillings a week or as much more as she could get for it. Such family circumstances seldom occur in the peerage except after revolutions; but millions of English laborers' homes are in that position. The consequence is that there is a huge mass of the labor of women and minors always in the market at less than subsistence rates; and whole industries can be carried on by such labor with plenty of profit to their organizers. But they are carried on at a loss to the ratepayer, who has finally to make up much more than the whole difference between the wage paid and the cost of subsistence, except where the debt is cancelled by premature death.

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Let us follow the process in the instance most favorable to it. A laborer is working for twenty-four shillings a week (the present London "moral minimum" subsistence wage) for the London County Council. If he and his wife can get a boarder at six shillings a week (for which a separate apartment and much more food than would otherwise be wasted can hardly be expected) the twenty-four shillings become thirty: an immense difference. Economically, it does not matter to the laborer whether the boarder is his own son or daughter or somebody else's. The London factory girl can always find a family to board with if she has none of her own; but the evil is so far exaggerated by family affection that a girl who could bring home only five shillings would probably have to board with an eighteen shilling laborer instead of a twenty-four shilling one unless the latter were her father.

Now it is clear that though the girl (or lad) takes five shillings home, and thereby eases the family circumstances very appreciably; so that both the parents and the daughter are benefited and pleased, the father is partly supporting the girl out of the wage paid him by the County Council. That means that her employer is spurning on the ratepayer for part of the cost of the labor he uses. With this advantage he tenders to the Government for a clothing contract, or to one of the Borough Councils for a dusting contract. These bodies, being now mostly bound by resolution to pay full living wages to their own direct employees, find that they cannot do the work themselves so cheaply. It is therefore given to the contractor in the name of economy; so that though the ratepayers pay full subsistence wages to their own adult male laborers, yet by employing a contractor to sweat the laborer's daughter, who brings her wage up to subsistence point by indirectly sweating him, they get the labor of two persons for less than a subsistence wage and a half, even if they pay the contractor ten shillings for the labor he pays five for. No doubt many ratepayers will regard this as a clever stroke of business; but it would have been still cleverer for the ratepayer to have paid the laborer twenty-nine shillings a week for the services of himself

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and his daughter in direct employment and so saved the contractor's profit. Yet even from this point of view the system of allowing one industry to flourish as a parasite on another is a penny-wise and pound-foolish one, as we shall see when we pursue the process to its end—for we are by no means done with it yet. Meanwhile it must be remembered that our hypothetic laborer need not be in the employment of the County Council. He may be in the employment of a commercial company or firm at a living wage, in which case both the contractor and the public body accepting his contract are making the company pay for the difference between what the contractor pays his employees and what it costs them to live.

Let us now follow the career of the laborer's daughter. In course of time her parents die, or else get past working and become dependent on their children instead of helping to support them. Five shillings a week will not meet this emergency. If the daughter marries a man earning a subsistence wage, she provides for herself and either puts her parents on her husband's back (he having parents of his own, probably) or else lets them go into the workhouse. But this solution of the difficulty does not always occur. She may not marry; and if she does her husband may die, or desert her, or be disabled, or be out of employment in times of bad trade. These things occur sufficiently often to produce at all times a considerable number of women struggling to live and to bring up their children by their own unaided exertions.

Imagine the fate of such a woman. She seeks employment in a factory, and is offered five shillings a week. If she refuses it on the ground that she cannot feed herself and her children on it, plenty of younger, jollier, better looking laborers' daughters, with their fathers' wages to fall back on, will take her place willingly. She tries to earn something as a charwoman, and finds that plenty of laborers' wives are willing to "come in for an hour a day" for the same five shilling wage, though in this case the hour may mean half the day, a midday meal, and certain stray perquisites of washing and the like which may, at best, perhaps double the nominal value of the job. Permanent domestic service

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is barred by the children; and so is boarding with a family. Rent may be anything up to six and sixpence a room. At every turn the competition of the subsidized laborer's boarder, whether wife, daughter, or stranger, has reduced wages below subsistence point; and there is seldom any prospect of an improvement, because most of these sweated industries would, if they were compelled to pay a living wage, either disappear altogether or else save themselves by reorganizing their system, introducing machinery, and employing labor of quite a different class. The situation is a desperate one; and though nearly every middle-class family knows (and has perhaps helped to sweat) some respectable widow who has weathered it, no middle class family knows or tolerates the many widows, deserted wives, and single women of the prevalent "middling" character, who give up the struggle, and drudge and drink and pilfer their way along as best they can, qualifying themselves and their children for poor relief, sick relief, and police coercion, and forming a centre of infection for that disease of hopeless inefficiency and unconscientiousness in daily work which costs the ratepayers more than the whole budget, imperial and local, civil and military.

Thus we find that even when a contractor can guarantee that the labor he employs is not casual labor; that it is efficient, regular, respectable, cheerful, healthy, and untouched directly by pauperism, prostitution, or crime; and that he pays the full wage customary in his industry, it will still not pay the ratepayer to accept his tender unless he can shew that every person he proposes to employ on the work will get a self-supporting adult's living wage for it. Not until this fundamental condition is insisted on can a simple comparison of the contractor's tender with the Borough Engineer's estimate be accepted as a test of the relative merits of commercial and municipal enterprise.

This is the common sense of the modern innovation of a Fair Wages clause in all industrial contracts made by municipalities, and of the payment of a full living wage to all municipal employees.

## THE BENEFICIAL REACTIONS OF COMMERCIAL ENTERPRISE

IN reading the last chapter, the intelligent advocate of commercial enterprise must have been oppressed with a sense of unfairness, because it says nothing of the employers who are not sweaters, nor of the great social benefits which commercial enterprise has conferred on the community. If commerce has its anti-social reactions, represented by the prison, the workhouse, and the poor rate, what about its beneficial social reactions? It feeds us, clothes us, provides our system of transport. In a word, our subsistence and our civilization are its daily work, done at its own risk.

Unfortunately, though it does, if not all this, at least enough of it to establish high claims to our consideration, it does so at the commercial disadvantage of being unable to appropriate the total benefit resulting from its operations. If on the one hand the dock company is able, as we have seen, to sponge on the ratepayer for the maintenance of its labor, and to throw on his shoulders the social wreckage its methods involve, it is, on the other hand, quite unable to reap for itself the whole value of the docks to the seaport. It may be scraping together a very paltry dividend with the utmost anxiety, whilst trade to the value of many millions is coming to the town through its gates. Indeed it may pay no dividend at all, and yet see commercial companies all round it making handsome profits which would instantly disappear if the docks were swallowed up by an earthquake. And the dust contractor, with all his opportunities of sweating, has to quote such low figures lest his competitors should send in the lowest tender, that he sometimes becomes a bankrupt in consequence of operations which have reduced the death-rate of the parish and saved many doctor's bills.

Now it is the chief and overwhelming advantage of public enterprise that it can and does reap the total benefit of its operations when there is a benefit, just as it suffers and is warned by

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the total damage of them when there is damage. In the technical language of the political economists, public enterprise goes into business to gain the value in use or total utility of industrial activity, whilst commercial enterprise can count only on the value in exchange or marginal utility. An illustration or two will make the meaning clear.

It is commonly enough understood that there are certain highly beneficial industrial operations which cannot be left to commercial enterprise, because their profits are necessarily communized from the beginning; so that a company undertaking the work could not get paid for it. The provision of thoroughfares in a city is a case in point. It has never been possible to put a toll-bar at the end of every city street and compel each passenger to pay for using it. Commercially, therefore, city street-making "does not pay"; so it is left to the municipality, with the result that the ratepayers gain enormously by their expenditure. What is not so generally recognized is that this power of the ratepayers to realize profits inaccessible to private speculators, applies to a greater or less extent over the whole field of public industry. Streets and highways are only a part of the industry of locomotion: commercial enterprise, which cannot touch them, can and does undertake toll bridges, tramways, railways, cab services, and, in short, every means of locomotion which can be charged for per passenger. But though commercial companies can make a dividend in this way, they cannot charge for, and consequently cannot reap for themselves, more than a fraction of the value of the service they render, even when they have the closest monopoly of the traffic. The reason is that the actual passengers are not the only people benefited by facility of communication. Take an extreme case: that of a rich invalid in the country whose life depends on the arrival of a London surgeon to operate within, say, two hours. He will pay anything, "skin for skin, yea, all that a man hath will he give for his life"—much less the necessary hundred guineas or so—to bring the surgeon to his bedside; and the railway company will do it for him; but the railway company will not get the hundred guineas. It will get no more than if the

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surgeon were starting on a pleasure trip, and were paying for the fun of the journey instead of being heavily paid to endure its fatigues. In the same way everybody who buys a pound of tea or a ton of coal derives from the commercial enterprise which has established communication between China and Newcastle a benefit which is out of all proportion to the charge for freight and for commercial travellers' tickets which is all that the railway and steamship company get. Suppose these charges were abolished! Suppose, even, that people became so sensitive to the discomforts of railway travelling and of seasickness that they had to be paid so much per mile at the ticket office to induce them to travel. Private enterprise in locomotion, as at present organized, would be ruined at once; but it would still pay the ratepayer and the taxpayer handsomely to keep the railways and shipping lines—in other words, to maintain civilization—on these terms.

This difference is fundamental. It quite disables all commercial comparisons between commercial and communal industry. When a joint stock company spends more than it takes, it is carrying on business at a loss. When a public authority does so, it may be carrying on business at a huge profit. And there is no question here of the shopkeeper's trick of selling canary seed under cost price in order to induce bird fanciers to buy their flour and fodder from him. A municipality might trade in this manner too, if it saw fit: for instance, it might wire houses for electric light under cost price in order to stimulate a commercially profitable consumption of current. But it is quite possible that a municipality might engage in a hundred departments of trade; might shew a commercial loss on every one of them at the end of every half year; and yet continue in that course with the full approval and congratulation of the very ratepayers who would have to make up the loss. Its total gains are immeasurable; and its success can only be estimated by constant reference to the statistics of public welfare. For instance, if the statistics of health, and of crime, had been applied a century ago to test the alleged prosperity of Manchester under unrestricted private enterprise, nobody would have boasted of a factory system that "used up nine generations of

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men in one generation" as profitable because it produced a commercial peerage of cotton lords. If the new education authorities adopt the recommendation of Dr J. F. J. Sykes, and have the children in the schools periodically weighed and measured, the vital statistics thus obtained will provide an important test of the social value of the industrial order under which the children live. Thus, let us imagine a city in which the poor rates, police rates, and sanitary rates are very low, and the children in the schools flourishing and of full weight, whilst all the public services of the city are municipalized and conducted without a farthing of profit, or even with occasional deficits made up out of the rates. Suppose another city in which all the public services are in the hands of flourishing joint stock companies paying from 7 to 21 per cent, and in which the workhouses, the prisons, the hospitals, the sanitary inspectors, the disinfectors and strippers and cleansers, are all as busy as the joint stock companies, whilst the schools are full of rickety children. According to the commercial test, the second town would be a triumphant proof of the prosperity brought by private enterprise, and the first a dreadful example of the bankruptcy of municipal trade. But which town would a wise man rather pay rates in? The very shareholders of the companies in the second town would take care to live in the first. And what chance would a European State consisting of towns of the second type have in a struggle for survival with a State of the first?

This demonstration of the irrelevance of the ordinary comparisons of commercial profits and expenses with municipal profits and expenses leads to a comparison of the very important factor of incentive. The commercial incentive stops where its profit stops. The municipal incentive extends to the total social utility, direct and indirect, of the enterprise. What is more, the incentive of commercial profit is often actually stronger on the side of socially harmful enterprises than of beneficial ones. Vicious entertainments and exhibitions, unscrupulous newspapers and books, liquor licenses in neighborhoods already overstocked with drink-shops, are only the obvious instances, just as our commercially unprofitable cathedrals, national galleries, and blue

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books are conspicuous at the opposite extreme.

But it may be contended that an efficient censorship would bar the downward path to commercial enterprise, very much as the London County Council has forced the London music halls into the comparatively decent courses which have produced their present enormous prosperity. The fact remains that the music halls did not see their own interest until they were forced to look at it through the public eye; and this goes to shew that the limitation of the gains of commercial enterprise to its commercial dividend, also limits its mind, and, by making it habitually blind to public considerations, prevents it from grasping even the commercial opportunities which large public needs offer.

Take a simple instance. London is at present helplessly at the mercy of a cab service which caricatures all the worst weaknesses of commercial enterprise. It costs a shilling to go ten yards in a cab: consequently the stands are always full of idle cabs, and the most energetic policing cannot clear the streets of crawling ones. Yet if you want to take a cab for an hour, which hardly anybody does, you get it for a halfpenny a minute. What is wanted is the penny-a-minute cab, which would, for hundreds of thousands of Londoners who now never take a cab except when they are travelling with luggage, abolish walking for all purposes except constitutional ones. The penny bus, still a comparative novelty, has shewn that even twopence is a prohibitive fare in London; for the increase of passengers produced by the reduction to a penny has been so lucrative that the main thoroughfares will not accommodate all the omnibuses that seek to ply in them. The London cabmen could introduce a penny-a-minute fare if they had sufficient business capacity; but if they had they would not be cabmen. It is easy to say that the cab proprietors would do it if it would pay. It is equally easy and equally absurd to say that a tube railway from the Mansion House to Uxbridge Road would have existed ten years ago if it would have paid ten years ago, or that the grime of the underground railway was a wise economy of its directors. The truth about private enterprise is that it is not enterprising enough for modern public needs. It will not start a

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new system until it is forced to scrap the old one. And the reason—one that no profusion of technical education will wholly remove—is that only a fraction of the public benefit of industrial enterprise is commercially appropriable by it. It will not risk colossal capitals with the certainty that it must do enormous service to the public, and create a prodigious unearned increment for the ground landlords, before it can touch a farthing of dividend; and therefore, however crying the public need may be, if the municipalities will not move in the matter nothing is done until millionaires begin to loathe their superfluity and become reckless as to its investment; until railways are promoted merely to buy tubes from Steel Trusts, and monster hotels floated, after the usual three liquidations, to buy tables and carpets from furniture companies. And even then what is done is only enough to shew that it should have been done fifty years sooner, and might even have been done commercially but for the fatal, though inevitable, commercial habit of mind which must consider only the dividend which it can grasp and not the social benefit that it must share with its neighbors.

## VI

## COMMERCIAL AND MUNICIPAL PRICES

THE effect of municipal enterprise on prices is an important factor in the situation. The rough and ready conclusion as to market prices is that sellers will compete for custom by under-bidding one another, and that thus free competition will secure the utmost possible cheapness to the consumer. The simple reply to this optimistic receipt for a self-acting millennium is that as soon as sellers find this out they stop competing; and competition is replaced by conspiracy. The far-seeing and capable heads of the trade combine, and finally get the whole trade into their own hands, even if they have to sell at less than cost for long enough to ruin all the small manufacturers who are too poor or too stupid to join the combination. A monopoly being thus established, a market price is fixed, and retailers are supplied only on condition of their selling at that price.

Now it does not follow that this price will be higher than the old competition price it has superseded. On the contrary, the cost of production is so much reduced by the concentration of the trade in the hands of the most intelligent masters, manufacturing on a large scale with the best machinery and the largest capitals, and public consumption is so much increased by every reduction in price, that a frequent result of the substitution of combination for competition, and of relative monopoly for complete freedom of trade, is the appearance in the market of a better and cheaper article.

But there are limits to this beneficial process. The Trust, after all, is not a philanthropic enterprise, which is exactly what the municipality is. The Trust aims at the maximum of profit; and its prices will always be fixed so as to carry that profit. The municipality, on the other hand, must aim at the suppression of profit, because municipal profit, as we shall see presently, has the effect of making the consumer pay more than his fair share of the rates. But no matter what result is aimed at, whether profit or no profit,

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that result can be produced, not by one price and one price only, but by any one of several different prices.

To make this clear, take a case: a fantastic one to begin with. Let the problem be to fix the price of a newly invented patent flying machine for a single passenger. As the patent excludes competition, the patentee may fix its price at anything from its bare cost to a completely prohibitive figure. Our experience of the automobile shows us what he would do. He would offer the aeroplane first at £500,000. It is quite possible, in view of the insane distribution of riches at the present time, that he would sell half a dozen through Europe and America at that figure; for ridiculously rich people do spend such sums on much less attractive whims. That is, he would receive three millions. When there were no more buyers at half a million, he would introduce the Popular Aeroplane at £100,000. Probably there would be no buyers: everybody would wait confidently for a further reduction. He would then come down to £1000, and make a stand at that, probably, for some years, meanwhile paying artizans £2 a week to fly about in aeroplanes and familiarize the public with their existence and practicability, just as until quite recently the most expensive autocars were seen running on our main roads, crowded, not with dukes and millionaires, but with people whose average family income was clearly not much above thirty shillings.

If he sold 3000 aeroplanes at £1000 apiece, the takings would be the same as that from the sale of six at £500,000. A sale of 6000 at £500, of 30,000 at £100, or of 150,000 at £20, would all produce the same sum, and a slight modification of the larger numbers to allow for varying cost of production would make them all return the same profit; for the labor of organizing the production and distribution of a million and a half aeroplanes would be enormously greater than of half a dozen, whilst, per contra, the market would be much more stable, and the manufacture of the million and a half would be a matter for machines turning out aeroplanes by the gross like pins, whilst six only would have to be built as primitively as a village carpenter builds

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a wheelbarrow. All these changes would enter into the calculations of the seller; but the main factor in his choice would be the sliding scale by which the number of buyers goes up as the price comes down. And it is clear that neither the lowest price, nor any single price whatever, would have a decisive advantage from the purely commercial point of view. There might be hundreds of equally convenient prices all yielding the same commercial result; and when, after a long series of trials, something like a stable customary price was reached as the most satisfactory to the seller, all experience is against the hope that it would, in a community stratified as ours is in purchasing power, be the price at which the most socially beneficial use of the invention would be possible. It would either be too cheap, like gin, or too dear, like house room. As in the case of the motor car, the whole industry of the world might be deprived of its benefit for years whilst producers were competing for the custom of plutocratic young sportsmen with racing machines of extravagantly superfluous horse power.

Let us take a more prosaic case. Let the problem be to fix the price per word of a cable message, say to the United States. Here there is clearly no single most profitable price. The difference between the cost of sending one message a day and twenty is negligible: consequently the profit on one message a day at a pound and twenty messages at a shilling apiece is the same. Still, it saves trouble to send one message instead of twenty; so the commercial tendency will be to charge a pound. At present, accordingly, cabling to the United States is an expensive luxury. The charge is a shilling a word; and a couple of tiny offices in Northumberland Avenue, in which one never finds as many as two customers at the same time, suffice for all the people in that populous centre who wish to avoid the crowding in the postal telegraph offices. It is difficult to believe that a sweeping reduction in this heavy charge would reduce profits, however much it might multiply cables, offices, plant, and staff. But it is not certain that it would increase profits; and if it did not, the company would have reduced their charges and magnified their operations

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for nothing. The huge benefit to both nations from the development of their intercourse would not go into the company's pocket.

But it would go into the nation's pocket. It would probably pay the nation to make telegraphic communication with the American continent quite free of direct charges except possibly for the purpose of checking a frivolous use of the cables. At all events the nation's interest in keeping charges down is as clear as the company's interest in keeping them up to the highest point at which the loss by restricting the use of the cable will be less than the gain by high rates.

A municipality does not meddle with transatlantic cables; but it does with telephones. Its advantage over local commercial enterprise is of the same nature. There is not one price only available, and that the most profitable, but several prices all yielding the same total profit. It is the interest of the private company to select the highest of these, and the interest of the public and of the municipality to select the lowest. There is, however, one very important difference between a telegraph and a telephone service. Competition between telegraph companies may duplicate cables unnecessarily; but it may nevertheless keep down charges. But competing telephone exchanges are intolerable: the nature of the service compels monopoly. At Tunbridge Wells, where the municipality established an exchange in competition with a private company, all the arguments in favor of municipal enterprise, and all its promises of a cheaper service, broke down before the nuisance of ringing up your butcher or baker, your doctor or solicitor, and finding that he was on the rival exchange. It was perhaps natural for the ratepayers of Tunbridge Wells to sell their own baby exchange rather than buy the grown-up one of the commercial company; but it was not the final solution of the difficulty; and the victory was not really one of private enterprise over municipal socialism, but of national over local organization of an essentially national service. The private company was not tied by the municipal boundary of Tunbridge Wells; and this advantage made it irresistible when the question arose

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which competitor should swallow the other.

Take a third case of the simplest oilshop order. Let the problem be to fix the retail price per gallon of the petroleum of, say, the Standard Oil Trust. A practical monopoly of the petroleum supply may be assumed; but a monopoly of petroleum is not a monopoly of light. Petroleum could be put out of use altogether by too high a price. On the other hand, every reduction of price means an increase of consumption. Lamps are lighted earlier and extinguished later; duplex lamps are substituted for single wicks; the poor man puts a light in the passage as well as in the room; oil stoves come into use; oil is used lavishly in cleaning bicycles and sewing machines; and though the difference may not amount to more than a spoonful a day per house, yet a spoonful multiplied by millions has to be reckoned with by a Trust. Under these circumstances petroleum is likely to be very cheap. The cost of production and distribution will be economized to the utmost by the monopoly because one monopoly factory will do the work of ten competing ones with much less than ten times the land and plant; and a Trust can control railways and manipulate freights; whilst the fact that a low price means an enormous demand, and that every attempt to put on an extra penny a gallon cuts off that demand so seriously as to reduce the gross profit instead of increasing it, acts as a far better guarantee of cheapness than the old-fashioned competitive system. The Trust, in fact, has a larger appetite for customers than the scattered competitors it has extinguished; and so, from the social point of view, the Trust is a very welcome industrial development, and the present outcry against it is but a straw fire compared to the blaze of indignation which would break out if the old system were miraculously reimposed on the consumer.

A municipality could not compete with the Oil Trust because, as we shall see later, it is disabled by its boundaries. It may be argued that a public body could undersell a Trust because it does not aim at profit. But in practice, as there is a good deal of commercial human nature in public bodies, it would be found that without the incentive of a little profit to boast of at elections the

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public body would aim rather at the minimum of trouble to itself than at the maximum demand for oil. Municipalities as a matter of fact do always make as much profit as they dare; and though this is beyond all question unfair to the consumer, who is made to contribute more than his share to the rates, yet the incidence of rating is already so unfair—indeed, so absurd—that to object to a small profit on this ground would be to strain at a gnat whilst swallowing a camel, especially as without the incentive of this profit the tendency would be to a high price and a restricted supply rather than to a low price and an extended supply. The real advantage of public enterprise would therefore be, not the complete reduction of price to cost, but the application of the profits to the public good instead of their private appropriation by idle shareholders. The United States, by owning the Standard Oil Trust, could avoid such horrible absurdities as the annual export of millions of dollars in dividends to be wasted in parasitic fashionable life in European capitals and Mediterranean pleasure cities, whilst large sections of the American population are miserably poor. But even on this point the Trust is better than the mob of small competitors; for if profits are not socialized it is better to concentrate them on a few millionaires, who are forced by the mere weight of their superfluities to throw whole masses of money back on the public in the manner of Mr Carnegie, than to scatter them on a crowd of “successful tradesmen” whose children become unprofitable pensioners on the nation, and cannot afford to give anything back except an occasional subscription to maintain the evil of irresponsibly managed begging hospitals.

The tendency of private enterprise, with its preference for “a high class connection,” and its natural desire to make the rate of profit as high as possible, is to keep up prices to the point beyond which the contraction of the market would make the trade unstable. The sudden reintroduction of competition by a new departure—for example, the tube railway suddenly upsetting the monopoly of the old underground in London—always brings down prices, a fact which proves that private enterprise main-

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tains the highest price that will pay instead of the lowest. This tendency is clearly an anti-social one. Through its operation the various inventions which are the sole real assets of modern civilization, instead of raising the standard of life of the whole population, may remain for a long time the toys of the rich, who themselves cannot escape from an overwhelming environment of primitive poverty, to which more civilization means only less air, less house room, less decency, less health, and less freedom.

The pressure on a municipality is in the opposite direction. Once its inertia is overcome, all its inducements and obligations tend to cheapness and the widest possible diffusion of its products. Instead of the large number of prices that are equally remunerative commercially, it has to consider only one ideal price: that is, cost price on the basis of the greatest attainable number of customers; and any modification it makes in this price can be dictated only by its desire to raise its revenue as conveniently and popularly as possible, or by considerations of social welfare, such as those which make Bibles artificially cheap and brandy artificially dear. In short, the radical antagonism between enterprise that has for its object the making of the largest possible profit at the expense of the community, and that which aims simply at supplying public needs as cheaply and effectively as possible, inevitably tells heavily in favor of municipal trading. The incidental public benefit of private enterprise has been very great, *faute de mieux*, in the anarchic period of transition from mediævalism to modern collectivism, during which we should have had no industry at all without private enterprise. But the benefit has been at best incidental, and has stopped short, by the laws of its own nature, of the attainable maximum. The benefits of public enterprise are not incidental: they are the sole reason for its existence; and there is nothing to limit them but remediable defects of political machinery and those human infirmities which are common to private and public interest alike.

The one drawback is municipal inertia. It is as possible for a local authority as for an imperial government to do nothing over and above the work that cannot be left undone without

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obvious and immediate disaster. Private enterprise, on the other hand, must discover and supply public wants or else starve. Unfortunately, this incentive, instead of being strongest where the public need is most vital, and weakest where it is most frivolous, is graduated in just the opposite way. The public need is greatest where the purchasing power is least: the commercial incentive is strongest where purchasing power is heaped up in ridiculous superfluity. Private enterprise begins with 100 horse-power racing automobiles, and reluctantly filters down to cheap and useful locomotion: public enterprise begins at the other end and helps those who cannot individually help themselves. Thus, even if we grant that the desire to make money is a stronger incentive than public spirit and public need, we must admit that it is strongest at the wrong end, and dwindles to nothing at the right end, whereas public spirit and public need are strongest at the right end and are not wanted at the other except for repressive purposes. It may be said that the remedy is a redistribution of purchasing power and not more municipal trading. This proposition is quite unquestionable from the extreme Socialist point of view; but as the present opponents of municipal trading would certainly reject this remedy as more fatal to their hopes than the disease, it need not be dealt with here further than by an emphatic reminder that poverty is at the root of most of our social difficulties; that it is incompatible with liberty and variety; and that it has put the opponents of municipal trading so far in a cleft stick that they cannot abolish poverty except by public enterprise, and cannot escape public enterprise except by the abolition of poverty.

## VII

### DIFFICULTIES OF MUNICIPAL TRADING

#### ELECTRICAL ENTERPRISE

So far, the case for Municipal Trading seems clear enough. Indeed, on all the issues raised by its opponents, it comes out of the controversy triumphantly. But if a simple verdict of Go Ahead be delivered, the real difficulties, which are seldom mentioned and never appreciated in popular controversy, will soon assert themselves.

To begin with, Private Enterprise enjoys a degree of licence which may be described as almost anarchic. It has for its area the heaven above, the earth beneath, and the minerals under the earth. National frontiers and local boundaries do not exist for it. In the matter of advertizing it is exempt from all moral obligations: the most respectable newspapers give up the greater part of their space every day to statements which every well-instructed person knows to be false, and dangerously false, since they lead people to trust to imaginary cures in serious illnesses, and to ride bicycles through greasy mud in heavy traffic on tires advertized as "non-slipping": in short, to purchase all sorts of articles and invest in all sorts of enterprises on the strength of shameless lies, perfectly well known to be lies by the newspaper proprietor, who would at once dismiss the editor if a falsehood of the same character appeared in a leading article. Its operations are practically untrammelled by restrictive legislation; the accepted principle of the State towards it is *laisser-faire*; it has an overwhelming direct representation in parliament; and in private life there are ten thousand people engaged in it for every one who knows anything of the municipality of which he is a constituent except that it periodically extorts money from him by the hands of the detested rate collector. Political ignorance, individual selfishness, the habit of regarding every piece of public work as a job for somebody, the narrowness that makes the Englishman's house

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a castle to be defended *contra mundum*, the poverty and long hours of work that leave the toiler no energy to spare for public work or public interest, the vague association of public aid with pauperism and of private enterprise with independence, the intense sense of caste which resents municipal activity as the meddling of pretentious tradesmen and seditious labor agitators: all these symptoms of the appalling poverty of public spirit, and the virulence and prevalence of private spirit in our commercial civilization, are on the side of private enterprise, and have hitherto secured for it a monopoly, as far as a monopoly was practicable, of the national industry: a monopoly that is only slowly giving way before the manifest private advantages of municipal employment to the employee class, and of municipal gas and water to the employer class.

Municipal enterprise, on the other hand, is handicapped from the outset not only by all the influences just cited, but by the national presumption against State action of all kinds inherited from the long struggle for individual liberty which followed the break-up of the medieval system. That struggle led men to assume that corruption is inherent in public offices; that a trading municipality is the same thing as a seventeenth century monopoly; and that the remedy for all such evils is free competition between private enterprisers rigidly protected from public competition. Nominally this view is obsolete; but in practice it is still assumed that whereas private men and private companies may do anything they are not expressly forbidden to do, a municipality may do nothing that it is not expressly authorized to do; and as every authorization has to come from a parliament in which private enterprise is powerfully represented, the municipalities so far can get little more than the refuse of private enterprise. The municipality, in fact, does not enjoy freedom of trade, and the private capitalist does, the natural result being that whilst municipal enterprise is struggling to get trading Bills through hostile parliaments, and agitating for larger powers, private enterprise is forming gigantic industrial conspiracies which ruthlessly stamp out the old-fashioned huckstering com-

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petition on which the nation foolishly relied for protection against monopoly, and establishing a predatory capitalistic collectivism which has knocked more anti-Socialist nonsense out of the English people in the last five years than the arguments and pamphlets of the Socialists have done in the last fifty. Nevertheless the race between municipal and national Collectivism, and the frankly plutocratic Collectivism of the Trusts, is one in which, under existing circumstances, the municipalities have no chance except in the industries which the Trusts will not touch because they do not pay in the commercial sense.

To illustrate this, let us take the leading instance to the contrary: the provision of electric light and locomotion. A moment's consideration will shew that the successes of municipal electricity belong to the early stages of the industry, and can only be maintained if the municipalities deliberately check its inevitable development by suppressing private competitors. So long as private enterprise can range over the whole country, whilst municipal enterprise cannot cross its own little boundary, so long will the attainment of the maximum of economy and efficiency by the municipality be impossible. In London the absurdity of the separate electric lighting concerns of the Borough Councils can be got over by their consolidation in the hands of the County Council, which would then have an area at its disposal which no single private enterprise seems yet prepared to handle as a whole. But the administrative county of London is not England; and even London's boundaries do not form the most economical terminuses for her electric trams. In the country, municipal enterprise is reduced to absurdity by the smallness of the areas and their openly nonsensical boundaries. Mr H. G. Wells's description of his residence on the boundary between Sandgate and Folkestone<sup>1</sup> (two places as continuous as Mayfair and St James's), a boundary which no municipal tramcar or drain-pipe can cross, shews the hopelessness of substituting public for private Collectivism there. A shipping firm whose vessels were forbidden to

<sup>1</sup> *Mankind in the Making*, by H. G. Wells (London: Chapman and Hall, 1903), Appendix, p. 410.

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cross any degree of latitude or longitude might as easily compete with the Peninsular and Oriental as the Folkestone municipality with a Trust which could (and would) operate over a whole province.

Abroad, this difficulty is emphasized by the use of water power as a source of electricity. If Niagara happened to be one of the falls of the Regent's Canal, the fact that St Pancras and Marylebone may not light Shoreditch with electricity would be an unbearable folly. In England we look to our coal for power; and we are coming to the end of our easily accessible coal, whilst other countries are as yet coming only to the beginning of theirs. The loss of our relative advantage in power will sooner or later force us to look to our water power. We have not, like the Swiss and the Italians, an abundance of waterfalls. But we have the tides; and what hardly any of us yet seem to realize, in spite of the fascinating lectures of Mr H. J. Mackinder on political geography,<sup>1</sup> is that tides such as ours, instead of being universal, occur only in a very few places on the globe; so that if we could harness to our industries the stupendous daily rush of millions of tons of tidal water through the Pentland Firth, not only need no Englishman ever go underground again for fuel, but the advantage would not be shared directly by other nations who have no such tides at their disposal. I mention this grossly insular consideration to those whose social sympathies stop at the frontier.

The alternative to water power is the generation of electric current from coal at the pit's mouth, and its distribution therefrom without regard to administrative boundaries over areas which include several municipal districts.

In neither case can the electrical industry be handled adequately by local authorities whilst their activity is limited to existing areas. The boundaries of these areas correspond to no contemporary reality in distribution of population or natural configuration. Many of them are imaginary lines drawn along the middle of busy streets and closely inhabited roads: others

<sup>1</sup> Britain and the British Seas, by H. J. Mackinder (London: Heinemann, 1902), p. 339, etc.

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cut across country like the scent of a hunted fox. In London at present, neither the London County Council nor the commercial electric traction companies can run an electric tram through a London borough without the consent of the Borough Council, which, being too small to provide London with tramways itself, can, and often does, prevent other people from doing it, mostly on grounds which are beyond human patience—for instance, that Tottenham Court Road rivals Bond Street as a fashionable shopping centre, and that if tram-lines were laid along it the aristocracy would desert it. Even when the London County Council is given power to override this sort of opposition, it will be unable to touch railways, though it is clear enough that the problems of London housing will never be solved as long as Surrey and Kent remain for the most part less accessible to men who have daily business in London than Yorkshire and Lancashire.<sup>1</sup>

Here, then, we find how impossible is the situation set up by the growth, within the last quarter century, of a vast machinery of modern industrial collectivism on the lines of a parochial system of localization which belongs to the time when it was possible for a famine to rage in one English county whilst there was a glut in the adjoining one. The Industrial Freedom League is an inevitable product of that situation. It is true that the Industrial Freedom League does not put the situation frankly before the public, because the moral of such an elucidation would not be the suppression of public enterprise in the interest of private enterprise, but the further reform, co-ordination, and extension of local government with a view to enabling it to deal with large districts. This is the last thing the League desires, because its one valid plea against the municipalities is the inadequacy of their areas.

<sup>1</sup> I have myself had to leave a house situated on the main road from London to Portsmouth, with the fortieth milestone at my gate, because I could not keep appointments in London in less than three hours from door to door. The case of the more remote residents may be imagined.

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Suppose, for instance, Mr Emil Garcké were to say, "The Industrial Freedom League does not claim Industrial Freedom; it protests against Industrial Bondage. It is practically a committee of the commercial electrical enterprises of the country to protest against an intolerable state of things in which the municipalities, without having the power to develop the electrical industry fully itself, has the power—and uses it—to prevent our doing it. We are ready to effect a revolution in English industry by establishing, throughout whole provinces, a house-to-house distribution of electrical power which will enable the intelligent individual craftsman to compete once more with the brute force of the factory. We are ready to link up entire manufacturing districts with networks of electric trams which will enable Englishmen to work in towns whilst their children grow up in the country instead of in slums. But we are stopped by the municipalities. This one has an Electric Lighting Order which gives it a virtual monopoly within its own ridiculous limits: that one will not allow a tramway to pass down its main street because the shopkeepers consider tramways vulgar. We represent capital, intelligence, education, technical knowledge, scope of enterprise and breadth of view; and we are stopped at every turn by the narrowness, the ignorance, the timidity, the jealousy, the poverty of a series of little gangs of small shopkeepers, led by the local solicitor, the local auctioneer, the local publican, and the local builder, who flourish their little monopolies and vetoes in our faces, and are determined that what was good enough for their great-grandfathers shall be good enough for the modern British Empire."

All this would be quite true enough and fair enough for all purposes of commercial controversy; but the remedy is, not to make our petty local authorities still more petty, but to develop our system of local government so that there shall be machinery for provincial and national collectivism as well as for parochial collectivism. Such a conclusion would not suit the anti-municipal agitators: consequently they are driven to obscure the issue by attempting to revive the obsolete doctrines of the *laissez-faire*

## ELECTRICAL DIFFICULTIES

school, and to disparage municipal enterprise by those comparisons of private with public balance-sheets which, as we have seen, are worthless as a measure of advantage to the ratepayer.

None the less, as things now stand, the ratepayer has a real grievance. If he tries to establish electric tramways from county to county, or to reduce the cost of electric power (still ridiculously expensive in its application to domestic heating, for example) by making the generating centre supply a whole province, he can do so only through the local authority or through a commercial joint stock company. If, for the sake of cheap service and public control, he tries the local authority, he finds that its power, like that of the witch who cannot cross running water, stops at a boundary which dates, probably, from the Heptarchy. If he submits to the prices and the power of the joint stock company, he finds that the local authority vetoes the tramway, or has a virtual monopoly of power distribution within its own area. So it ends in his going without.

The reason why the League, which would be very powerful in parliament but for the tight hand kept by the great provincial municipalities on their borough members, does not get any serious grip of the electorate, is that its case is strong only where the interest of the ordinary private citizen is weak. The grievance of being hampered in the exploitation of a whole province, is the grievance of a millionaire or of a Trust controlled by a group of millionaires, who are generally assumed to be Americans. The hostility of the average municipal councillor to these combinations, though it is a thoroughly unenlightened one, reflects that of the public at large. The municipal areas are still large enough for ordinary trading capitals of six or seven figures; and, as we have seen, the case for municipal trading within these limits is overwhelming.

## VIII

### DIFFICULTIES OF MUNICIPAL TRADING (*continued*)

#### HOUSING

A LEADING case in which commercial enterprise has such decisive artificial, legal, and political advantages over municipal enterprise that the municipality cannot compete with it, is the great building industry of housing the population. Compare, for example, a municipal housing scheme with a municipal electric lighting scheme. In the latter the municipality has as much scope within its own area as any joint stock company. It can light the palace of an ambassador, the show rooms of a universal provider, the benches of a factory, the dining room of the business or professional man, and the kitchen of a laborer. In short, it can supply everybody in the constituency. But in housing it is restricted by law to insanitary areas and to workmen's dwellings. The London County Council may accept as a tenant an artizan earning from thirty shillings a week to several pounds; but a struggling journalist scraping together a precarious pound a week is turned from its doors. A private builder is under no such restriction. He can take an order for a cathedral and for a potting shed, for a millionaire's house in Park Lane and for the cottage of the millionaire's gamekeeper. In the intervals between large contracts he can keep his staff and plant employed on small ones. If he decides to go into the business of the housing of the working classes, he can proceed much more cheaply than the municipality. Instead of erecting huge blocks of dwellings with fire-proof floors and all the solidities and sanitary appliances of what may be called parliamentary building, he may "run up" rows of small private houses which will presently become lodging houses; or he may adapt the family mansions of a neighborhood deserted by fashion for occupation by working-class families. Under these conditions there can be no question of a commercial or any other test: comparison is impossible. The municipality is compelled

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to take the refuse of a trade and to carry it on in the most expensive way: the private builder has the pick of the trade, and can adapt his expenditure to the pecuniary resources of the tenant. The result is that municipal trading cannot justify itself by its results in this direction as it can in others, especially in great cities. The buildings may seem palatial in comparison with the slums they replace; and they are better appointed and not more barrack-like than many of the piles of flats used by middle-class people; but a visit to even the best of them will reveal the fact that the rents are too high for the wages of the occupiers. A flat let at nine shillings a week to a man earning twenty-four, married and with a family, solves the housing problem for him in a highly questionable manner. It makes parasitic labor practically compulsory for his wife and children. In fact it is the value of the County Council flat as a testimonial of respectability to the woman seeking parasitic labor that makes it worth the man's while to pay so high a rent, exactly as an address in Park Lane may be worth a huge rent to a man whose personal requirements would be equally satisfied by a house in Holloway or Peckham.

In passing, it may be said here that the views of the poor as to how to make the most of the family income vary more strikingly than the views of the rich. The laborer or humble shop assistant who pays nine shillings a week for a flat of two or three rooms out of a wage of twenty-four, contrasts with the skilled workman who earns from thirty to fifty shillings a week, and sometimes more, and who nevertheless lives in one room, never troubles himself about respectability, and spends his money on "good living," by which he means a gluttonous Falstaffian jollity. He and his family are hearty eaters, hearty drinkers, loud laughers, indefatigable excursionists, noisy neighbors, and prompt strikers. And it is not easy to declare with any conviction that they have chosen worse than the people who sacrifice everything to a craze for respectability, which is sometimes almost as ruinous as a craze for drink. For the twenty-four shilling votary of respectability is a very mild case. Every house-to-house student of poverty tells us of single women or widows with wages that

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fluctuate from four to ten shillings, or, in momentary crises of prosperity, to twelve or thirteen, who nevertheless keep their rooms spotlessly neat, and shiver through the winter, fireless, without underclothing, in dresses that are superficially decent, while in the same house slatterns live disgracefully on four times their income, or Bardolph and Mrs Quickly set an example of roaring, jovial blackguardism. Then there is the poor person with a "fancy," who cannot live without a horse, or a dog, or a bird, or flowers, or pigeons, or some musical instrument, things apparently as wildly beyond their means as steam yachts and motor cars, which they yet manage to procure by simply sacrificing every other consideration to them, as beggar-misers get and keep bags of sovereigns even if they have to eat carrion to do it. We are apt to forget that the fancy for respectability is often as unintelligent and thriftless as any of the other fancies. We are revolted at the heartlessness of the man who starves his wife to provide cutlets for his pet dog; but we applaud the widow who starves her children, physically and morally, in order to bring them up respectably and be respectable herself. In the poor middle class this is a crying evil: boys who have the making of strong artizans in them degenerate into underfed clerks; numbers of wretched little private-venture schools for young gentlemen and ladies, which ought to be suppressed more ruthlessly than gambling hells, keep children out of the Board schools and Polytechnics; and girls grow up into shabby-genteel "ladies," whose ignorance, incompetence, and unsociability defy description. But this mania for respectability does not disappear at the boundary of the middle class. It goes down to the very basement of society; and this fact has an important bearing on the housing problem, because your respectability is judged by the street, house, or room you live in just as much in the slums as in the squares. And the tendency in all classes is to spend too much in keeping up appearances. However honorable any ambition may be when it is taken in the economic order of its real importance, it may become disastrous when it is taken out of that order. If you have to choose between underfeeding your boy and patching

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his knickers, patch his knickers. If you have to choose between underclothing your daughter comfortably and overclothing her presentably, underclothe her comfortably. But unfortunately underfeeding and underclothing can be concealed; and patching and overclothing cannot. And so the order in which they are taken is too often the opposite of the economic order. In the same way the obvious respectability and order of the County Council flat at three shillings a room, however great an advance they may be on the poisonous squalor of the sewage saturated cellars at four and sixpence which figure in the report of the Royal Commission as samples of the results of private enterprise, are nevertheless too dear in a city where twenty-four shillings is the standard municipal wage for laborers, and where the Imperial Treasury, to its disgrace, refuses to pay even that modest figure.

The special difficulty in housing finance is the extraordinary manner in which the question of cost price is complicated by the phenomenon of economic rent, that rock on which all civilizations ultimately split and founder. In a municipal electric supply there is no difficulty about cost price, because a unit in Piccadilly costs no more than a unit in Putney. But the freehold of an acre of space for dwelling purposes costs from nothing to a million according to its situation. To convert the Mansion House into a block of workmen's dwellings would cost the price of a small frontier war; but the Richmond Corporation finds it within its resources to devote a whole road to workmen's cottages with gardens; and the Richmond Corporation itself envies the still greater facility with which municipal cottages are multiplied in Ireland. If a municipality owned all the land within its jurisdiction, it would still have to make the occupiers, including its own departments, pay rent in proportion to the commercial or residential desirability of their holdings; but it could pool the total rent and establish a "moral minimum" of house accommodation at a "fair rent" on a perfectly sound economic basis. At present it has to throw economics to the winds by buying land at its real market value, and charging it to its housing schemes at its value for working class dwellings (a pure figment), the ratepayer making up the

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difference between this and the real market value. Having performed this conjuring trick, the municipality generally proceeds to pass a resolution that the dwellings shall be let at rents sufficient to prevent any loss coming upon the ratepayers, without mentioning that they have already borne a loss which does not appear in the housing accounts. Even then, the effect of the resolution, when it is strictly carried out, is to put the rents too high for the sake of enabling the Borough Treasurer to make a delusive demonstration that the dwellings are paying their way commercially.

Socially, of course, they may pay their way with a handsome profit. It is true that they are seldom occupied to any extent worth reckoning by the occupants of the slums which have been demolished to make room for them. They are taken by people who are on the verge of the middle class, and by the respectable-at-any-price poor. But these people are shifted up from private lodgings of the highest working class grade, which, being left vacant, have to be relet to second grade tenants, who leave their rooms vacant for the third, and so on to the lowest grade, all being shifted a step up. But the transaction is very slow and very costly. Each scheme is entered upon to meet a particular local emergency; and long before the years of preliminary red tape are worried through, the emergency has been settled by the brute force of necessity; and though new emergencies have arisen, the old scheme is more or less a misfit for them: indeed it may have become apparent that the right cure is not a local housing scheme but a locomotion and country housing scheme.

On the whole, though municipal housing is popular because "there is something to shew for the money," and because it deals with a notorious and frightful evil, its opponents can always easily demonstrate that in city centres at least the schemes are commercially hopeless, and that though the rents are too high for the incomes of the tenants they are yet so low relatively to the real site value that the tenants are virtually receiving a grant in aid of their wages at the expense of their fellow citizens, which grant is exploited by the parasitic trades in the manner explained in

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### Chapter IV.

It should not be forgotten that the housing question is not one of building only: it is also one of demolition. Houses do not last for ever; and we have not yet settled the best lifetime for the builder to aim at. Building "great bases for eternity" may be the work of a cathedral builder; but as far as ordinary dwelling houses are concerned, there is a growing opinion that living in the same house all your life and then leaving it to your children is as unwholesome as wearing the same sheepskin and handing it also on to posterity. It may be that the municipal by-laws of the future will include a prohibition of the use of a dwelling house for longer than twenty years. In any case it is clear that a good deal of XIX century building will prove very shortlived, and that the rows of cheap houses built for clerks and artizans on the sites of the suburban parks and country houses of fifty years ago will presently begin to figure as "condemned areas" on our municipal agenda papers. Besides the decay of the jerry-built brick box, we shall have to face the obsolescence of the solidly built "model" or municipal tenement block. These places seem at first so enormously superior to the filthy rookeries they replace that their revolting ugliness, their asphalted yards with the sunlight shut out by giant cliffs of brick and mortar, their flights upon flights of stony steps between the street and the unfortunate women and children on the upper floors, their quaint plan of relieving a crowd on the floor by stacking the people on shelves, are overlooked for the moment; but long before they become uninhabitable from decay they will become as repugnant as the warrens they have supplanted. In short, the municipalities of the future will be almost as active in knocking our towns down as in building them up.

At present the demolition problem has been so little thought out that the law gravely enacts that the municipality must rehouse all the people it displaces by demolishing a rookery. As a rookery is always so outrageously overcrowded that not even by replacing two-storey houses by dwellings built up to the extreme limit allowed by the Building Acts is it possible to rehouse the tenants

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on the same site, the municipality has either to let the rookery alone or acquire extra land for rehousing. Now this is not always possible without fresh displacements. The whole district may be overcrowded; and in that case the only remedy is for the excessive people to go elsewhere; and this, of course, raises the insoluble question as to which persons are excessive. In practice what happens is that the letter of the law is admitted to be impracticable; and the municipality bargains with the Local Government Board as to how many people it must rehouse. It offers to rehouse a third; the Board demands two thirds; and after much chaffering what is possible under all the circumstances is done.

If the obligation to rehouse were imposed on private and municipal enterprise alike, municipal housing would be at no disadvantage on this point. But commercial enterprise is practically exempt from such social obligations. Within recent years Chelsea has been transfigured by the building operations of Lord Cadogan. Hundreds of acres of poor dwellings have been demolished and replaced by fashionable streets and "gardens." The politics of Chelsea, once turbulently Radical, are now effusively Conservative. The sites voluntarily set aside by Lord Cadogan for working class dwellings on uncommercial principles of public spirit and personal honor have not undone the inevitable effects of the transfiguration of the whole neighborhood. The displaced have solved the rehousing problem by crossing the river into Battersea. Thus Lord Cadogan is more powerful than the Chelsea Borough Council. He can drive the poorer inhabitants out of the borough: the Council cannot. He can replace them with rich inhabitants: the Council cannot. He can build what kind of house pays him best, mansion, shop, stable, or pile of flats: the Council cannot. Under such circumstances comparison between the results of his enterprise and the Council's is idle. The remedy is either to curtail Lord Cadogan's freedom until it is no greater than the Council's, or else make the Council as free as Lord Cadogan. As the former alternative would end in nothing being done at all, and rendering impossible such great improvements as have been made both in Chelsea and Battersea by Lord Cadogan's enterprise, the

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second alternative—that of untying the hands of the ratepayer—is obviously the sensible one.

The obligation to rehouse is imposed on railway companies and other enterprises which have to obtain parliamentary powers. But they evade the obligation to a great extent by privately acquiring the house property they need, and evicting the tenants before they clear the area; so that when the hour for demolition comes there is nobody to be rehoused. This is the explanation of the furious intensity of local feeling against the railway companies. The people driven off the areas cleared by them overcrowd the surrounding neighborhood; and many small shopkeepers who are not themselves disturbed are ruined by the removal of their customers. There is no compensation and little rehousing. But this local unpopularity, to which the railway company is indifferent, could not be defied by the local authority. It may acquire land for the future extension of its electric lighting works or the like; and in gradually clearing this land it no doubt takes care to deal with a few houses at a time in order to avoid the obligation to rehouse which becomes operative when ten houses are dealt with at one stroke; but even in this it has to proceed with a constant care to avoid “hardshipping” its constituents, whereas a commercial company will spread disaster through a whole ward without the least consciousness of what it is doing. This is only a striking instance of the inconvenience and suffering which the movements of commercial enterprise cause daily in crowded communities because they are wholly unconcerted. Municipal civilization is nothing but a struggle to get the operations of civic life better concerted. Meanwhile, the fact that the commercial speculator can with impunity be inconsiderate to a degree that would cost every municipal councillor his seat at the next election must be constantly borne in mind in any comparison of private with municipal enterprise.

Finally it must be admitted that until the municipality owns all the land within its boundaries, and is as free to deal with it and build upon it as our ground landlords are at present, the problem of housing cannot be satisfactorily solved.

## IX

### THE MUNICIPAL AUDIT

THERE are certain differences between the legal conditions of communal and commercial finance which must be taken into account in comparing them. These differences are mentioned here because, however wholesome they may be in the long run for municipal enterprise, they sometimes handicap it at the start.

A private company does not pay interest on its capital until its capital actually earns the interest. Nobody expects this to happen at once; and sometimes it does not happen at all. In any case the company treats its capital as a property to be held for ever. A municipality has to pay interest from the day the capital is borrowed; and it must not only treat that capital as a debt to be paid off, but the paying off must begin at once, concurrently with the interest. It is thus compelled to bequeath to posterity a freehold property and goodwill for which it has had to pay handsomely; and the result is that the Irishman's jesting question as to what posterity had done for him that he should do anything for posterity is becoming a serious question in the mouths of English ratepayers. The rough and ready reply that though the individual dies the community is immortal, and its life must be treated as infinitely continuous, is plausible; but even an immortal individual would starve if he invested all his income and spent none of it; and a community can sacrifice the present to the future in the same way. For instance, the immortality of the nation would not justify a Chancellor of the Exchequer in attempting to pay off the national debt in one year. If commercial traders and joint stock companies could set up industrial plant only on condition that they must form a sinking fund to pay off its cost within a period not greater than its lifetime, and often considerably less, the outcry would be heartrending; and the newspapers would be filled with demonstrations of the impossibility of trading on such terms.

Something of the kind is actually done at present when a con-

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cession is given to a private tramway company on condition that at the expiration of a term of years it shall hand over its lines to the municipality for their market value as scrap iron. But the difficulty about such contracts as these is that the courts will not enforce them. To a statesman or a socialist it is just as reasonable to compel a private company to buy itself out within a fixed period—for that is what such a condition comes to—as to place the same obligation on a municipality. Both have to make a present to posterity if anything is left at the expiry of the term. But there is nothing unprecedented in this. The inventor has to present his invention to posterity at the end of fourteen years, and the author his book at the end of forty-two years, or seven years after his death; whilst the London shopkeeper has to present his goodwill to his landlord at the end of his lease. And yet the same judge who will enforce the consequences of the expiry of a patent or copyright, and of the falling in of a lease, as if they were the most obviously natural and proper of arrangements, will refuse to enforce the scrap iron clause against a tramway company on the ground that it is inconceivable that Parliament could have contemplated anything so monstrous as its Act seems to imply. The result is that whereas a municipality is always held rigidly to its bargain, a commercial company can defy even an Act of Parliament if it is careful to conciliate all private opposition and attack nothing but the interests of the community. It is true that Acts of this description have sometimes driven too hard a bargain, as the electrical lighting companies succeeded in shewing when the term was lengthened from twenty-one to forty-two years. But municipal trade has suffered in the same way, many municipal projects having been abandoned or postponed because the term of repayment was too short.

In everyday practice, it is not so much the judge as the official auditor who is to be feared by the municipalities. It is not at present at all difficult to find a barrister who is thoroughly disaffected to municipal trading. If such a one were appointed by the Local Government Board to audit the accounts of a County Council, a London Borough Council, or an Urban District

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Council,<sup>1</sup> he might, on the very plausible ground of keeping it up to the mark commercially, insist on allowances for depreciation which, as the actual wear and tear is in practice made good out of revenue, and a reserve fund is maintained to replace scrapped machinery, might virtually load the enterprise with a second sinking fund, and enable the opponents of municipal trading to point to commercial companies which (having no sinking fund at all) could shew more economical and businesslike figures. On the other hand, if the auditor has not a formidable power of public criticism, the struggle which goes on in a local authority between the electric lighting committee in its efforts to hold over its profits under the head of reserve fund, and the rest of the council in its desire to distribute the profits among the ratepayers in the form of the always popular contribution in aid of the rates, may lead to the pillaging of the reserve fund for electioneering purposes, and even to such depreciation of plant as used to occur in the early days of continental State railways, when impecunious finance ministers swept the railway fares into the treasury and allowed the rolling stock, the permanent way, and the stations to decay. And yet if the auditor be empowered to dictate the financial management instead of simply to criticize it and check the items, he might discredit the most beneficial public enterprises by "simply looking at them as a man of business." He could not very well insist on street paving being put "on a sound business footing" by means of turnpikes and tolls which would make municipal paving "pay"; but he might, without shocking public opinion, insist on commercially profitable charges for water and light in addition to a double sinking fund (a double present to posterity) and thus enable the Industrial Freedom League to prove by figures that communal enterprise is less economical than commercial enterprise.

These possibilities are by no means fantastic. The report of the Commission on Municipal Trading (Blue Book No. 270, 23rd

<sup>1</sup> Municipal Corporations (except Tunbridge Wells, Bournemouth, and Southend-on-Sea) are not subject to the L.G.B. audit. The ratepayers elect two auditors and the Mayor nominates a third. In other words, the Municipal Corporations are not audited at all.

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July 1903, 4s.) contains several sensible suggestions as to the auditing of municipal accounts; but as the recommendation "that the auditor should certify that separate accounts of all trading undertakings have been kept, and that every charge that each ought to bear has been duly debited," is not balanced by any consideration of the invisible credits of municipal trade, it may be inferred that parliament is still disposed to apply the commercial test to communal enterprise; and it is not the business of the Local Government Board to be more enlightened than parliament, though the Board is no doubt more exposed to the brute force of fact, which soon brings the most hardened commercial doctrinaires to their senses in the fairly obvious cases. The very municipalities themselves are dominated by the commercial view, and often encourage themselves rather childishly, keeping their accounts in such a way as to produce the utmost possible appearance of commercial prosperity by throwing as much as possible of the expenses on the general rate whilst crediting the receipts of each municipal service to its special department. There is, in fact, for the moment a serious menace to municipal enterprise in the cry for commercial auditing.

Fortunately, the demand is not a permanently practicable one. Experience soon reduces commercial auditing to absurdity when it is applied to municipal business, quite as much because it is too tolerant in some directions as because it is too exacting in others. Municipal auditing is technically a distinct branch not only of accountancy but of law; and it is no more the business of the ordinary accountant or barrister than pleading points of international law before the judicial committee of the Privy Council is the business of the ordinary Old Bailey practitioner. It will finally develop as a practically separate profession; and it is only in the meantime that we need be on our guard against the vulgar cry for treating a municipal enterprise like any other business, on sound business lines, etc., etc., etc.

The most commercially obsessed auditor, when he first touches municipal trade, is brought up standing by the novel fact that the duty of the municipality is to make as little profit as possible,

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whereas the duty of the commercial company is to make as much profit as possible. An electric lighting company paying a dividend of 10 per cent is a triumph of good management: a municipal electric lighting committee making profits at the same rate is guilty of social malversation, which the auditor should at once expose and challenge.

To understand this, the ratepayer must imagine himself in the position (if he does not already actually occupy it) of a consumer of municipal electric light. He pays at the usual commercial rate: say 6d. to 2d. per unit. At the end of the financial year he learns that the profit on municipal lighting has been so great that the electric lighting committee has been able to hand over a sum in aid of the general rate which reduces it by a penny in the pound. Is he gratified by the intelligence? Not at all: he indignantly demands what the municipality means by overcharging him for current in order to relieve the rates of his neighbors who burn gas or oil. And his protest is perfectly justified. The object of municipal trading is not relief of the rates: if it were, it might be manipulated so as to throw the entire burden of local taxation on certain classes of consumers exactly as the entire burden of local taxation in Monaco is thrown on the gamblers of Monte Carlo. Its object is to provide public services at cost price. This cost price, to make the service really economical in the wide sense of good municipal statesmanship, may include higher wages to unskilled labor than a private company would pay, and it of course includes interest on the capital raised by the general body of ratepayers. To this a cunning municipality will perhaps add some little bribe to the general ratepayer lest, when not expecting to be himself a consumer, he should refuse to trouble himself about the service, and vote for an avowed opponent of it. It will even retain a little profit to encourage itself; for the commercial habit is strong in the average councillor. But more than this the municipality has no right to charge except with the deliberate purpose of readjusting the burden of the rates by an obviously abusive method which should be challenged by a good auditor. The reckless way in which municipal trading is often recommended from the platform

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as a means of relieving the rates shews that some of its popular advocates understand it as little as its popular opponents; but the question comes up sharply enough in practice on the municipalities; and charges are kept as near to cost as is compatible with the excessive caution which characterizes municipal enterprise. This is done, not on principle, but because of the curious jealousies which exist between municipal committees, and between each committee and the whole council. Thus, when the electric lighting committee makes a profit it tries to keep it by crediting it to the reserve fund. A proposal to apply it to the reduction of the rates usually comes from the Finance and Rating Committee in the form of an amendment to the Electricity Committee's report. Furious hostility between the committees ensues; and if the amendment is carried, the Electricity Committee considers that the Finance Committee has plundered it, and takes care, next time, to reduce the price of current to the consumer so that there shall be no profits to be seized upon.

Thus the theoretically right course is taken even when the councillors do not understand the theory; and the practice is to avoid profits by keeping prices down to cost. The absence of profits is, in fact, a proof of the proper conduct of the enterprise. Such absence in a commercial company would be a proof of incompetence. An auditor therefore has to apply precisely opposite tests to municipal and commercial undertakings. His view of a commercial company is that the larger the profits, the sounder the undertaking. His view of a municipal supply is that the less the profit, the honester the finance of the borough. Above all, if he is to certify, as the Committee on Municipal Trading recommends, "that in his opinion the accounts present a true and correct [sic] view of the transactions and results of trading for the period under investigation" he must estimate not only the appropriated profits which would go to commercial shareholders as dividend, but the total social utility of the enterprise during the year to the rate-payers. And this is a sort of accounting which neither the Institute of Chartered Accountants nor the Incorporated Society of Accountants and Auditors yet profess.

## X

### THE MUNICIPAL REVENUE

ONE of the keenest grievances of the commercial man who sees profitable branches of his own trade undertaken by the municipality is that it is competing against him "with his own money," meaning that it forces him to pay rates, and then uses the rates to ruin him in his business. The effective platform reply to this is that the profitable municipal trades, far from costing the rate-payers anything, actually lighten their burden. The commercially unprofitable trades are left to the municipality without demur. The trades by which private contractors make profit and the municipality none are, as we have seen, mostly sweated or parasitic trades which in the long run add heavily to the ratepayer's public and private burdens.

But in any case the alleged grievance is far stronger as against commercial than as against communal competition. The private tradesman has to pay rent and interest as well as rates. Rent is the great original fund from which industrial capital is saved; and interest on that capital eventually forms a second capital fund of equal or greater magnitude; so that when a shopkeeper finds his business captured by a huge joint stock universal provider, he is being competed against "with his own money," paid by him to his landlord or to the capitalist from whom his capital is borrowed, just as much as when the new competitor is a municipality.

Nothing shews the economic superficiality and political ignorance of the ordinary citizen more than the fact that he submits without a word to the private appropriation of large portions of the proceeds of his business as rent by private landholders, whilst he protests furiously against every penny in the pound collected from him by the municipality for his own benefit. The explanation probably is that in signing his lease he has explicitly accepted the rent as inevitable, and at least has his house or shop to shew for it; whereas the rate collector strikes him as a predatory person who makes him pay for streets and lamps, schools and police

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stations, in which he has no sense of property.

Still, in dismissing the usual grievances on this subject as unreasonable, it must not be assumed that rating is a satisfactory method of raising revenue. A rate is simply a tax on houses: that is, a tax on an article of prime necessity. If it were shifted to bread there would be an overwhelming outcry about taxing the bread of the poor; and yet the poor suffer more from want of house room than from want of bread. What is more, the poor, under pressure, can contract their requirements of house room in the most disastrously unhealthy way. Eight people cannot live on a single ration of bread; but they can sleep in one room, and even take in a lodger.

We are all in the habit of estimating a man's means by the value of the house he lives in. Shopkeepers give credit to a good address much more readily than to a good man. The Income Tax Surveyor, making a guess at the income of an actor or journalist or artist, assesses his address, and can be brought down promptly by the modest admission, "I have only two rooms on the second floor." But scientific precision cannot be claimed for this method. A man living in a house worth £150 a year is pretty sure to be a well-to-do man if he uses the whole house as his private residence; but many people pay that rent in order to carry on the business of lodging-house keepers, in which case they live in the basement and the attics, and would not dream of taking a house for their own use at so high a rent as a third of that sum. The differences between business premises are as great as the differences between business and private premises. A single small room in Bond Street will accommodate a fashionable palmist who may be making a considerable income. Next door a manufacturer of motor cars, requiring a hundred times as much space, may be making no profits at all. In cheaper neighborhoods, the same contrast may occur between a watchmaker and a jobmaster or furniture remover. On the whole, there is very little to be said for our rating system as an index of what each individual ratepayer can afford to pay.

The only thing to be said for the system is that it is a rough

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way of taxing rent, since, theoretically, the rate falls on the landlord. It does so in fact as well as in theory when the tenant is rack-rented to the last farthing; but then very few ratepaying tenants are so rackrented. If the tenant would at a pinch pay another £2 a year, say, sooner than move (a pretty common case, one guesses), he is from the economists' point of view enjoying £2 a year of the rent; and if his rates go up by £2 he will not be able to shift the increase on to his landlord: all that will happen is that his rent will become a rackrent instead of falling £2 short of it. The rate collector takes what the landlord spared. Thus the increase in local rates which has taken place of late years must to a great extent have fallen on the ratepaying tenants instead of on the landlords; and this explains why the tenants resist the rates so strenuously in spite of all abstract economic demonstrations that it is the landlord who pays in the long run.

The popular remedy is to rate site values directly, collecting from the tenant as usual, but empowering him to deduct from his rent *ad valorem*. Thus if the rate be a shilling in the pound on the site value, a shilling is deducted by the occupier from every pound he pays the leaseholder, and by the leaseholder from every pound he pays the ground landlord.

There is nothing impracticable or incomprehensible in this. The real objection to it, as Voltaire pointed out 150 years ago in *L'Homme aux Quarante Ecus*, is that it throws the whole weight of local taxation on the proprietor of land, the most responsible and active sort of proprietor, and exempts the people who do nothing but order their banker to cash their dividend warrants and cut off their coupons for them. A landlord has to look after his property: in fact, some of the strongest arguments in favor of municipalization of land are drawn from a comparison of the handsome work done by great landlords in developing towns and districts, with the meaner results of petty proprietorship. The landlord, far from being the worst sort of proprietor, is the best. The admitted objection to property as an institution is that it inevitably creates an idle class of rich people. But in England this was faced cheerfully enough as long as property meant property

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in land, because even the most complete emancipation of the landlord from feudal duties left him still personally responsible for the prosperity of his estate; and when he neglected or mismanaged it (as no doubt he often did) at least he finally impoverished himself as well as others. It was not until the industrial revolution of the XVIII and XIX centuries developed the joint stock system that our manufacturers began to throw vast quantities of money into the hands of shareholders who were completely cut off from the management of their property, and whose children grew up with the purse of Fortunatus and without exercising personal supervision or bearing personal responsibility of any kind in return for it. This is the explanation of the apparently anomalous incidence of the Income Tax, which, by sparing the poor and striking at the rich, recognizes the fact that personal industry is often in inverse ratio to income.

In the face of this social development the cry for concentration of local taxation on site values will recommend itself in principle to nobody except those whose income is derived exclusively from industrial dividends. Colossal as the phenomenon of "unearned increment" is in great cities, it differs in nothing but its obviousness from the incomes which result from it when it is invested in industrial enterprise. When a ground landlord sells an acre of land in the centre of London for a million, and invests that million in Consols which bring him in £25,000 a year, he does not exchange an unearned income for an earned one: he only exchanges a position of responsibility as a landholder strongly interested in keeping up the character of a London neighborhood, for a position of indifference to all public considerations whatsoever. To exempt him from rating at the expense of the purchaser of his acre would be to make the landlord a Jonah and throw him to the whale of Socialism. If any discrimination is made between classes of proprietors it should operate in the other direction. Lord Cadogan and the Dukes of Westminster, Bedford, Portland, etc., may with some plausibility claim that the difference between their properties and the surrounding ones is worth paying them for. Sir Gorgius Midas

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and his progeny have nothing to say for themselves at all. It may, of course, be politically convenient to enlist Sir Gorgius for the attack on the landlords, and then, when the battle is won, invite the landlords to revenge themselves by joining in the campaign for a graduated and differentiated Income Tax, exactly as the landlords revenged themselves for Free Trade by carrying the Factory Acts against the manufacturers. But this treatise is concerned not with parliamentary tactics, but with political science.

Perhaps the most urgently needed discrimination is between people who are able to pay rates on some scale or other and those who cannot afford to pay them at all. It is admitted that persons with incomes of less than £160 a year cannot afford to pay income tax; and we allow abatement even to people with as much as £699 a year. Now we have multitudes of small tradesmen and shopkeepers who make less than £160 a year, and are nevertheless left staggering under the burden of rates of from six to nine shillings in the pound on the valuation of their premises. These men resist the rates with desperation; and they are quite right. Everything that has been said in the preceding chapters as to the productiveness of municipal enterprise can be reduced to the single formula that municipal trade is a good investment. So is life insurance, for the matter of that; but suppose a man cannot afford the premium, what then?

Let us examine this point a little more closely. The cardinal difference between private and municipal enterprise for the capitalist is that investment in the one is voluntary, whilst investment in the other is compulsory. Let it be granted as a set-off to the compulsion that the municipal investment is 'inexceptional in point of soundness. What you get then is Compulsory Investment, which many rash people think must be a thrifty thing, because they identify investment with saving, and cannot conceive saving as wrong under any circumstances. As a matter of fact, for the majority of the unfortunate inhabitants of these islands, thrift in this sense is one of the most heartless and ruinous of all the vices. A poor woman who receives five shillings can always take it to the post office savings bank and refrain from spending

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it on the wants of the moment. Many well intentioned people who have been made hopelessly silly in money matters by large independent incomes, habitually urge working folk to take this course on all occasions, apparently under the impression that the wants of the moment for the poor refer exclusively to gin. But it is clear that if the woman's boots are falling to pieces, the purchase of a new pair will be a far more thrifty proceeding than the banking of the money. The lives of most poor women is a continual struggle to keep themselves and their children dryshod. I purposely leave the food question, the starving child, the aged father and so forth out of the question, because purchasers of half-crown books on Municipal Trading regard them as melodramatic figments, though they are the most constant and pressing realities to millions of poor people.

In short, saving and investment are quite secondary duties: the first and the hardest is expenditure on present needs. Saving, investment, life assurance, all of them most prudent and excellent operations for people who have had as much of present nourishment as they need, and still have something to spare, are, for heads of families in a state of privation, slow forms of suicide and murder; and those who preach them indiscriminately should be indicted for incitement to crime. When a bishop offends in this way, people who really understand the situation feel their blood rising almost to guillotining point. Yet, after all, the bishop does not force people to take his inconsiderate advice. But the municipality does. The London County Council, for instance, goes to many an unfortunate wretch grimly struggling with poverty in a little shop, underfed, underclothed, underhoused, and consequently desperately in want of more money to spend on himself and his family. Taking him by the scruff of the neck, it says to him, "Come: you must invest in the general prosperity of this magnificent metropolis, of which you are—or ought to be—proud to be a citizen. You must no longer cross the Thames in a wretched penny ferry boat: you must build a colossal Tower Bridge, with splendid approaches; or you must pass underneath in tubular triumphs of modern engineering. You must no longer

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walk through slums from the Strand to Oxford Street: you must make a new and lordly avenue flanked with imposing buildings. And you must cheer yourself up with parks and bands, and run delightful steamboats on the river for your recreation on summer evenings." Is it any wonder that the unhappy victim of this comprehensive civic patriotism turns savagely on his Progressive benefactors and asks them whether they suppose his name is Carnegie or Pierpont Morgan or Rothschild that he should be forced into the schemes of millionaires? And the irony of the proposals is the more biting as he well knows that if the improvements happen to affect his own business beneficially, his landlord will take the first opportunity to appropriate the increment by putting up his rent.

This grievance is one which cannot be argued away, and cannot without gross callousness be disregarded. There should clearly be complete exemption from rates for persons whose income is below a certain figure. We have no right to force on people conveniences that they cannot afford. The particular device by which this is to be effected need not be gone into here. It is enough to say that though a general reduction of rates would end in an equivalent increase of rents, and although the exemption of a particular class of tenants would enable the landlords to confiscate some of the relief exactly as the employers of pensioners manage to confiscate some of the pension by paying lower wages to the pensioner, yet an exemption applying only to particular and exceptional cases could not produce anything like an equivalent rise of rents.

The moral is that the relief of the ratepayer, whose burdens are heavy enough to crush all enthusiasm from municipal schemes that threaten to raise the rates, should be accomplished by taxation of income, heavily graduated and differentiated against unearned income. It could be collected by the Inland Revenue Department and distributed by the method of grants in aid. The grant in aid is an excellent device when it is made conditional on the efficiency of the services for which it is earmarked; and this, of course, implies control and criticism by a vigorous

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and capable Local Government Board.

On the continent, taxation of income for local purposes is freely resorted to; and each town has a custom house, or octroi, at every gate. There is an octroi at Newcastle-on-Tyne, and perhaps in some other English towns; and there is no valid theoretic objection to this means of raising local revenue, except the impracticable general objection to all indirect taxation. But as an octroi is an intolerable hindrance to people who are unaccustomed to it, and as taxation of income, and even ordinary rating, are far more scientific methods of raising local revenue, it is not likely to be resorted to unless an absolute refusal of the electorate to sanction sufficient direct taxation to meet the growing necessities of the municipal exchequer makes a crude resort to indirect taxation unavoidable.

There is another difficulty in municipal finance. When there is any work to be done by a municipality, the question presents itself, shall it be paid for out of the general rate for the half year, or shall it be paid for by a loan?

According to the popular view, the thrifty course is to pay as you go, and not add to "the burden of municipal debt." The correct financial theory is undoubtedly just the reverse: all expenditure on public works should be treated as capital expenditure. The capital should be raised in the cheapest market, and the rates used to pay the interest and sinking fund. When a municipality which can borrow at less than 4 per cent deliberately extorts capital for public works from tradesmen who have to raise it at from 10 to 40 per cent or even more, it is clearly imposing the grossest unthrift on its unfortunate constituents. In practice everything depends on the duration of the work. It would be absurd to pay for an electric lighting plant out of the half year's revenue. It would be silly to raise a loan to clear away a snowfall. But between these extremes there is much debateable ground on which the economic presumption is usually quite erroneously taken to be in favor of present payment. The result may be a rate so high that the struggling ratepayers (a large class in our cities) have to borrow the money to pay it, in which case they are clearly

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raising capital on their own private credit at comparatively exorbitant interest instead of on their public credit through the municipality. This is due solely to the habit of calling the capital of the municipality its debt. Municipal trading is the best cure for this habit; and one of its indirect advantages is that it trains councillors and auditors to take a much more intelligent and considerate view of the ratepayers' interest than they do at present.

In comparing municipal with commercial enterprise, the power of the municipality to make apparently unlimited calls on the ratepayers' pockets is generally classed with those advantages on the municipal side which are so overwhelming as to be called unfair, meaning only that they are advantages beyond the reach of commerce. In the same sense the competition of the mammoth universal provider with the petty shopkeeper is unfair; the competition of the electric light with gas or of the railway with the stage coach was unfair; and the use of rifles by civilized armies against Zulus armed with assegais is unfair. But it is easy to exaggerate the advantage of the municipality in this respect. Every additional penny in the pound is so fiercely contested by the ratepayer, who is also an elector, that far more mischief is done and money wasted by municipal impecuniosity than by municipal extravagance. In spite of the fact that our citizens get better value for their rates than for any other portion of their expenditure, they voluntarily give thousands to company promoters to make ducks and drakes of with a better grace than they give shillings to the rate collector for the most indispensable requirements of civilization. When the election comes round, woe to the party that has put up the rate! If any opponent of inmunicipal trading really thinks that the ratepayers' pocket is the treasury of Rhampsinitis, let him become a municipal councillor and try.

## XI

### OUR MUNICIPAL COUNCILLORS

WHOEVER has grasped the full scope of the case for Municipal Freedom of Trade will see that the practicability of public enterprise is limited only by the capacity of its organizers and administrators. And this raises the question, where are we to find our municipal statesmen?

Let us first see what attractions the career of a municipal councillor offers, and what its drawbacks are.

As compared with a member of parliament, a municipal councillor has an almost unbounded liberty of conscience and initiative. The party discipline which is a necessity in Parliament does not exist in municipal government, because the procedure of the councils differs widely from that of the House of Commons. There is no Cabinet, no Government, and no Opposition. There are, of course, Moderates and Progressives, Conservatives and Liberals, Labor members and Independents, Established Churchmen, Free Churchmen, and No Churchmen; and these form voting combinations, and carry their alliances and their feuds into the council chamber, appointing "whips," holding party meetings, and playing at party government by offering perfectly imaginary services to the real parliamentary parties in order to increase their sense of personal importance, and to establish a claim for their leaders on birthday honors and on adoption as parliamentary candidates, or at least on the fantastic orders of chivalry established by the Primrose League and its imitators. But all this is child's play, because there is no Government in the parliamentary sense, and consequently a vote against one's own party involves no ulterior consequences.

This will be better understood from a description of the organization of a municipality. The executive work is, of course, done departmentally by a paid permanent municipal staff. There is a sanitary department with the Medical Officer of Health as technical chief and a Chief Clerk as business chief. There is a

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Highways, Sewers and Public Works department (or some such title) under the Borough Engineer and a Chief Clerk. There is a Finance and Rating department under the Borough Treasurer or City Accountant and a Chief Clerk. There is perhaps an Electric Lighting Department, under the Electrical Engineer and a Chief Clerk. And so on, the central department being the General Business department under the Town Clerk, who is the head of the official hierarchy. On the parliamentary system, each of these departments would be presided over by a councillor selected on strict party lines; and these presiding councillors would be called Ministers and would form a Cabinet, the "first lord" of the General Business department being the Prime Minister and leader of the Council. All regular municipal legislation would be brought forward by this Cabinet; and on the rejection of any of their resolutions, or the carrying of a vote of censure against them, they would resign; a general election would take place in the borough, and a new Council be elected; and a new Cabinet would be formed. And the effect of this system would be that no member would be free to vote on any measure on its merits, because, as the effect of his defeating it would be to change the whole Government of the district (with the general policy of which he might be in cordial agreement) and transfer it to another party (the general policy of which he might consider ruinous), besides putting himself and the ratepayers to the heavy expense of an election, he would find himself repeatedly voting simply to keep his party in office without the slightest reference to the particular measure at stake, and would finally give up all pretence of discussion, and insist on being provided with a comfortable smoking room or library in which he could sit at his ease until a bell was rung to call him to the voting lobby.

There is, providentially, nothing of this sort in the municipal councils. Each department is controlled by a committee of councillors; and each committee elects its own chairman. The business of the department is brought before the committee by the Chief Clerk and the chief of the technical staff. The decisions of the committee are embodied in a series of resolutions. These resolu-

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tions form the report of the committee; and at the next meeting of the full Council, the chairman rises and "moves his report": that is, he moves all the resolutions of the committee; and the Council adopts them or not, as it pleases. It happens quite commonly that an amendment is moved and carried; or the resolution is referred back for further consideration; or it is flatly rejected. But nothing else happens. The chairman may be disappointed or indignant; but he does not resign. The committee may sulk for a while; but it goes on just as before. The chairmen do not form a Cabinet in any sense. They do not all belong necessarily to the same party even when they are elected on party lines; for the party that is in a majority in one committee may be in a minority on another. In many bodies the custom is to give every party its share of the chairmanships; and in almost all, old members are allowed sooner or later to have their turn in the chair without regard to their opinions and often without regard to their fitness for the duty, in which case the waste of time in committee is extremely trying to the more businesslike councillors. As to an appeal to the constituency by way of general election, it is out of the question. The councillors are elected for a fixed period; and no action of the council, short of a resolution accepting the simultaneous resignation of all its members—a plan outside practical politics—can shorten or lengthen its own term of office.

Under these circumstances independence of thought and character is not strangled in municipal public life as it is in the House of Commons. When a recruit has once mastered the procedure and taken the measure of a municipal council, he can, if he has ability enough, make himself as much of a Prime Minister in ten minutes as the senior alderman. He can indulge in cross voting without stint. He can get a chairmanship quite as soon as he knows enough to be something more than the puppet of the officials. No doubt, if his ambition is fashionable, he will find the House of Commons a better address than the Town Hall. But if he values useful public activity and freedom of conscience, he will find a municipality enormously superior to parliament,

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unless his political talent or family influence is of a very unusual order.

It will now be asked why, under these tempting circumstances, it is so difficult to get efficient candidates for the municipal councils. The root cause is no doubt that insisted on long ago by Plato: namely, that capable men understand too well how difficult and responsible public work is, to be particularly anxious to undertake it; so that the first qualification for public life ought to be a strong reluctance to enter it. It is no exaggeration to say that the strongest man can kill himself with overwork even on a town council if he attempts to do everything there is for him to do. A wise insurance company would prefer a cabinet minister's life to a municipal chairman's, if the chairman shewed any disposition to do his work thoroughly and seriously.

On the other hand, nothing is easier than to sit on a council and do nothing. The claim of the House of Commons to be the best club in London is far more questionable than the claim of the municipal council to be the best club accessible to most of its members. It is possible for a councillor to be stupendously ignorant and shamelessly lazy, and yet to be not only popular with his fellow councillors, but—provided he is a tolerably entertaining speaker—with the ratepayers also. He passes for a very busy public man when he is really only a sociable one, by attending all his committees and doing nothing on them.

There is at present no way in which the municipal fainéant can be brought to book, even if a community which does not pay for his services had any right to make the attempt. Payment of directors' fees would not improve matters: the guinea-pig has been tried in private enterprise and found wanting. Still, there is a great deal to be said for payment of members of municipal bodies. It would make the voters much more jealous and exacting as to the personal qualifications and public industry of their representatives, besides producing some sort of consciousness that membership of a local authority really means useful work and not mere ceremonial. Far from substituting selfish motives for public ones, it would relieve municipal work from the reproach that men

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have no reasons but interested—not to say corrupt—reasons for undertaking it. It would give capable Labor leaders that training in public life without which they are apt to be socially dangerous in direct proportion to their ability and earnestness, and with which they stand so usefully for the whole community as well as for their own class against the sordidness and exclusiveness of the commercial classes and the social ignorance and thoughtlessness of the aristocracy. Labor representatives usually make excellent councillors, because they are much more severely criticized than their middle class colleagues. It is possible for a middle class councillor to sit on a municipality for twenty years in a condition of half-drunken stupor without exposure and defeat at the poll; but Labor councillors receive no such indulgence. As a rule they take their public business very seriously; are free from the social pressure which leads to so much reciprocal toleration of little jobs and venial irregularities among the middle class men of business; have the independence of professional men without their class prejudices; are exceptionally sensitive to the dignity of sobriety and respectable conduct; and, as they usually pay inclusive rents, never deliberately shelve necessary public work because it may mean an extra rate of an eighth of a penny in the pound. Thus, oddly enough, the municipal Labor member generally finds himself in alliance with the councillors who are too rich to be penny-wise and pound-foolish, and with the professional men whose livelihood has always depended on their own personal skill, in opposition to the petty shopkeepers and employers whose cramped horizon and short-sighted anxiety to keep down the rates at all costs are the main stumbling blocks in the way of municipal enterprise.

The tyranny of the petty tradesman is a serious evil in municipal life. The municipal constituency is small—only a ward; and the bigger and more important the city, the fewer votes will secure a seat, because of the difficulty of inducing busy or fashionable people to vote at all: in fact, it is easier to poll a village to the last man than to poll 50 per cent of the electors in a London ward. The squares and the slums have the same reason for not voting,

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because the city man, the laborer, and the artizan are alike in respect of not working at their homes; so that when they return home tired in the evening they will not turn out again in the raw November darkness, and trudge through the mud to the polling station at the request of that enthusiastic pest the canvasser. The result is that the smaller shopkeepers elect one another, since they can vote at any moment of the day by leaving their shops for a few minutes.

To canvass for this shopkeeping vote is an art in itself, and one which men of superior education and liberal ideas cannot be induced to study and practise. The small shopkeeper does not understand finance, nor banking, nor insurance, nor sanitary science. The social distinction between him and the working class is so small that he clings to it with a ferocity inconceivable by a peer, and will concede nothing to a laborer that is not either begged humbly as a favor or extorted by force of Trade Unionism. A proposal to give women living wages instantly brings before him a vision of "the girl at home," encouraged in uppishness, and asking another shilling a week. His pocket is so shallow that an extra penny in the pound appals him, not because it means an extra five or ten thousand pounds of revenue, but because it will cost him individually another half-crown or five shillings. The fate of an intelligent candidate who does not use his speech to conceal his thoughts may be imagined. Very much more reasonable men than Coriolanus are defeated at every election because they betray large views of municipal business instead of passionately affirming their own merits, vituperating their opponents recklessly, and flattering the follies of the most narrow-minded electors. And so, though a doctor may get in by the votes of his patients, and a minister of religion by those of his congregation and of his poor, the small shopkeeper is master of the municipal situation. His ideas rule all the urban local bodies. The twenty-eight London Borough Councils are completely in his hands. Even when he finds in his own ranks men of remarkable shrewdness and some capacity for large ideas, he keeps them rigidly under his thumb; and they, knowing that an appeal to

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the more liberal classes would not be responded to, accept their servitude and become what the Americans call "ward bosses." We do not condescend to name them at all, vestrydom being too little considered to be worth an English terminology.

One remedy for this is to make voting as easy for the city man as it is for the local tradesman. Our plan of making an election as great a nuisance as possible to everyone concerned gives an overwhelming advantage to the man who has nothing to do but "slip round the corner and vote" in the slack moments of a business that actually consists of interruptions and intrusions. The barrister, the doctor, the man of science, the author, the financier, the head of a large business, cannot be disturbed in this way. If he cannot vote by post, preserving the secrecy of the ballot by the familiar expedient of an outer and inner envelope, he will not vote at all. Even the laborer is now learning to meet the canvasser with "I will come if you send a carriage for me," thus creating a grievance for the candidate who has no carriages or carriage-keeping friends, and imposing an intolerable *corvée* on the people who do keep carriages, and whose friends borrow them for elections. A great deal of the apparent failure of democracy to secure the best available public representatives is really a failure to adapt our method of taking the vote to the convenience and susceptibilities of the more thoughtful and cultivated classes. We ignore the fact that what Plato said of the representative: that the reluctant and not the eager man—the man who feels the weight of a crown and not he who is dazzled by its glitter—should be chosen, has its application to the voter also. The partisan whom no weather and no distance can keep from the polling booth is not necessarily a better judge of a candidate than the man who has to be coaxed to undertake the very grave responsibility of choosing the government of the town for the next three years. Yet, far from coaxing him, we handicap him by arrangements which give a long start to political rancor, personal thickness of skin, and, above all, to the shop round the corner.

Still, there is something to be said for the petty tradesman.

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He is shrewd and effective enough when he is in his depth; and his local knowledge is indispensable. The policing and sanitation of a city consist largely of a running fight with petty nuisances and abuses to which the gossip of a street is a better guide than the most comprehensive municipal statesmanship. When the absurdity of the present municipal areas forces us to reconstruct our whole scheme of local government, there will still be a place for local committees to deal with the small change of municipal life; and on these local committees the petty shopkeeper will be as useful as he is noxious on bodies whose scope far transcends his homely little outlook.

## XII

### CONCLUSION

THE conclusion of this statement of the case for Municipal Trading leaves the reader still at the beginning of the subject, but, it is hoped, in an intelligent and unbewildered attitude. It will save him the trouble of a struggle with irrelevant rows of figures paraded to prove that municipal trade does not pay. It will also save him the trouble of reading ingenious attempts to confute these demonstrations from their own point of view; for he will understand that though the demonstrations may be erroneous in this or that instance, and though a Borough Treasurer may keep the municipal books in such a way as to give his accounts the utmost commercial plausibility, yet in the very cases where municipal trading is most profitable to the ratepayer, its departmental expenses are and ought to be greater, and its surpluses (if any) are and ought to be less than those of a private firm doing the same work—nay, that when the municipality undertakes at a heavy departmental loss work that has previously been carried on by commercial contractors at a tempting commercial profit, the ratepayers are probably saving more by this apparently bad bargain than by the municipal gas works and tram lines which not only do not cost them a farthing out of pocket, but actually contribute hard cash to the rates as well.

On the other hand he will see that municipal statesmanship, far from having been simplified by a safe Socialistic formula, now requires from its Councillors much more knowledge, ability, and character, than the old system, which had a really simple formula in the rule: Do nothing that can be left to private enterprise. In our reassurance at the discovery that the bogey of increasing municipal indebtedness is only the comfortable phenomenon of growing municipal capital, we must not forget that over-capitalization is as possible, if not as probable, in public as in private finance, and that a councillor must not only be in favor of, say, a municipal supply of electric light, but must, when that

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point is carried, have sense enough not to buy more horse-power than is necessary, nor lay a cable down a country road for the sole sake of the mayor's brother-in-law who has a villa at the far end, nor appoint a civil but unqualified young man as engineer merely because he is the sole support of his aged mother. On the other hand, he must not clamor for the municipalization of the section of a great trunk line of railway that happens to cross his borough, nor press the Parks Committee to undertake the municipal breeding of elephants for the sake of having a Jumbo for the children to ride on. Every proposal to municipalize lies somewhere on the scale between these extremes, and must be judged in council, not according to a Socialist or anti-Socialist canon, but according to its place on the scale, and always in view of the complicated social reactions analyzed in the preceding pages.

Now this is not work for the political partizans and convivial vestrymen who still look on an alderman's robe or a mayor's chain as the crowning ornament of a successful commercial career, and on a Council as a Masonic Lodge where members can make useful acquaintances and put valuable pieces of business in one another's way. Complete disinterestedness is neither an attainable quality nor a desirable one; for it means complete indifference; and an attempt to "purify" politics by getting rid of all personal motives is apt to end like an attempt to purify card playing by abolishing the stakes: the keenest lovers of the game for its own sake are the first to insist on stakes in order to make the others play carefully. A very little practical experience will convince the youngest idealist that the way to set a man to work, in public as in private, is to give him an axe to grind, and that nothing gets done until it becomes a job for somebody. But there are axes and axes. One man, being a shopkeeper, seeks election because he hopes to establish a claim on the custom of the councillors (some of them heads of large establishments) with whom he will become intimate at the party meetings. When he is elected he will elect as mayor the man who will give the council two banquets a year, with champagne, rather than the strict tee-

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totaller who will give one, with lemonade, or none. This naïve kind of interested motive is by far the commonest in English local public life. It does much more to stultify municipal politics than the rapacity of the slum landlord who seeks election to protect disorderly houses and to thwart the administration of the Housing and Public Health Acts, the chicanery of the country jerry builder who aims at preventing the adoption or hindering the administration of sanitary by-laws, and the intrigues of the publican to get on the rating committee so as to mitigate the tendency to assess public houses on ruthlessly high valuations. As a matter of fact, in large cities, the better sort of builders and landlords of good house property have exceptionally strong personal interests in good municipal government; and a respectable and successful publican without either ability or character is almost an impossibility; for the first man to be demoralized and ruined by a public house is the publican himself if his character is vulnerable. The really dangerous men are those whose motives are so artless, petty, and familiar, that they are imperceptible; and it is these simple souls, incapable of mental effort or social comprehension, who stand blamelessly in the way of all far-reaching municipal action, whilst downright rogues will listen keenly to important proposals, and even support them vigorously if any pickings seem likely to come their way.

In short, for obstructive purposes, twenty sheep are more effective than fifty wolves. The moral is, not, of course, to elect rascals, but to prefer political motives, even when they are rooted in personal ambition, to commercial motives, convivial motives, snobbish motives, and especially to no motives at all. Purely political successes will serve the turn of a man who has the right temperament for public life quite well enough to make him work for the public good without any abnormal deficiency in selfishness, if the public will only let him. What really withdraws capable and high-minded men from public life is the ignorance and intense recalcitrance of the people who vote, and the discouraging indifference of the people who dont. This will continue to make democracy intolerable until we deliberately and carefully teach

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citizenship to our children. One intelligent voter is worth a hundred persons who made bad Latin verses in their teens, or enjoyed for one day in their childhood a more or less accurate recollection of a more or less accurate statement in a schoolbook as to the principal products of Sumatra.

Finally, it has, I hope, been made clear that the infancy of modern local government must no longer be hampered by our ancient parochialism. The injury done us by foreign frontiers, with all their cannon and all their custom houses, is as nothing compared to the waste and hindrance set up by our absurd municipal frontiers. A relimitation of the areas and reconstitution of the units of local government is the most pressing requirement made by municipal trade upon our constructive statesmanship. We will no doubt ignore the existing deadlock as long as we can; for we are slow to frame ourselves to new occasions: we still nail telephone wires to chimneys and copings exactly as a laborer's wife stretches her clothes-line in the back yard; and the newest buildings so resolutely ignore the existence of the bicycle that it is positively easier to accommodate one in an XVIII century house than in a XX century one. But electricity is a potent force: it will shock British conservatism (a polite name for British laziness) out of its anachronisms if anything can.

SOCIALISM AND SUPERIOR BRAINS  
(1894)



## PREFATORY NOTE

IN January 1909, Mr Keir Hardie delivered an address in which he pointed out that the remarkable increase in our national income, of which so much was being said in the controversy then raging between Free Traders and Tariff Reformers, had not been shared by the working classes, who were no better off than before. Immediately Mr W. H. Mallock wrote to *The Times* accusing Mr Keir Hardie of ignorance of political economy, on the ground that an educated man would have known that as the increase had been produced by the exceptional ability of the employers and inventors, there was no reason to claim any share of it for the employee class. Thereupon I lost patience with Mr Mallock and wrote the following letter to *The Times*.

### MR MALLOCK'S IDEALS *To the Editor of the Times*

SIR—Mr Mallock's controversy with Mr Chiozza-Money over the figures of Mr Keir Hardie may very well be left to the embarrassed silence in which goodnatured people sit when a person of some distinction volunteers an absurd blunder as a contribution to a subject which he has not mastered. The notion that the people who are now spending in week-end hotels, in motor cars, in Switzerland, the Riviera, and Algeria the remarkable increase in unearned incomes noted by Mr Keir Hardie have ever invented anything, ever directed anything, ever even selected their own investments without the aid of a stockbroker or solicitor, ever as much as seen the industries from which their incomes are derived, betrays not only the most rustic ignorance of economic theory, but a practical ignorance of society so incredible in a writer of Mr Mallock's position that I find it exceedingly difficult to persuade my fellow Socialists that he really believes what he teaches. They regard me as a cynic when I tell them that even the cleverest man will believe anything he wishes to believe, in spite of all the facts and all the textbooks in the world.

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However, that is not the point that moves me to utterance on this occasion. If Mr Mallock does not know the difference between the rents of land and capital and the “rent of ability”—if he is so ignorant of ordinary business and patent law as not to know that the cleverest inventor cannot possibly extract a farthing more from his invention than his stupidest competitor when it has been communized fourteen years after its registration—he must not expect the Socialists to educate him. My quarrel with him is deeper than the technics of distribution. Mr Mallock is preaching an ideal; and I want every gentleman in England to repudiate that ideal, whether he be Socialist, Individualist, Liberal, Free Fooder, Tariff Reformer, or Home Ruler.

The ideal is, not that the greatest among you shall be servants of all the rest, but that whenever one of us discovers a means of increasing wealth and happiness, steps should be taken to restrict the increase to the discoverer alone, leaving the rest of the community as poor as if the discovery had never been made. If Mr Mallock does not mean this, he means nothing. If he does mean it, what does his University say to him? What does the Church say to him? What does every officer in the Army and Navy say to him? What does every Civil servant say to him, every statesman, every member of the humblest local authority, every professional man, every country gentleman, every man of honor, gentle or simple, who asks no more than a sufficient and dignified subsistence in return for the best service he is capable of giving to his country and to the world? This is not a question of the difference between the Socialist and the anti-Socialist: it is a question of the difference between the gentleman and the cad. Lord Lansdowne is not a Socialist, and Lord Charles Beresford is not a Socialist; but Lord Lansdowne has not asked for the hundreds of millions he saved Europe by making our treaty with Japan, and Lord Charles Beresford, if the German fleet attacked ours, would not refuse to conduct our naval defence unless the country were to be given to him as prize money when he had saved it. It is true that we have tradesmen—some of them in business on a very large scale both here and in America—im-

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pudent enough and base enough to demand for themselves every farthing that their business ability adds to the wealth of their country. If these *canaille* were surgeons with a monopoly of a capital operation, they would refuse to save a patient's life until they had extorted his entire fortune as a fee. If they were judges, they would sneer at a judge's modest £5000 a year, and demand the total insurance value of the protection they afforded to society. If they were lifeboat coxswains or firemen, they would bargain for the kit of a drowning sailor or the nighty of a child in a burning house before they would throw a lifebuoy or mount a ladder. They are justly despised by men of Mr Mallock's profession and education; and when Mr Mallock challenges the right of our workmen to a share in the increased product of industry by asking whether their labor "has become more productive in respect of the laborer's own exclusive operations," he not only lays himself open to the obvious counter-question as to whether the "exclusive operations" of our employers could produce anything more than the exclusive operations of our laborers, but, what is far more serious, he seems to be lending the credit of his reputation, his education, and the high social and intellectual prestige of his class to the most abandoned sort of black-guardism that is still outside the criminal law.

It is fortunate for us that few of our tradesmen are so vile or so silly as the commercial theory by which theorists attempt to justify them. The man who has "made" £20,000 a year for himself knows very well that his success does not afford the smallest presumption that his services have been more important than those of a police-constable with 24s. a week. He does not dream of posing as the superior of the captain of a battleship with a modest income of three figures. Mr Carnegie "divides up" his surplus millions, and makes wildly Socialistic proposals, never for a moment suggesting that he is fifty times as clever as Mr Mallock because he is fifty times as rich. I am not supposed to be an exceptionally modest man; but I did not advance the fact that I have made more money by a single play than Shakespear did by all his plays put together as a simple proof that I am enor-

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mously superior to Shakespear as a playwright. Our millionaires unload—awkwardly and unwisely sometimes, it is true, but still they unload—and do not talk nonsense about being 650 times as clever or as sober or as industrious as a dock-laborer because they have 650 times his income. The man who pretends that the distribution of income in this country reflects the distribution of ability or character is an ignoramus. The man who says that it could by any possible political device be made to do so is an unpractical visionary. But the man who says that it ought to do so is something worse than an ignoramus and more disastrous than a visionary: he is, in the profoundest Scriptural sense of the word, a fool.

In conclusion, may I confess that nothing is so terrifying to the Socialist today as the folly of his opponents? There is nothing to keep the inevitable advance steady, to force the rank and file to keep their best men forward. A paper called *The Anti-Socialist* is brought out with a flourish of trumpets. I open it, and find *vers de société* and a caricature of myself by a French artist, who depicts me in a French frock-coat, a Grand Old Man collar, and the countenance of Henri Rochefort. A Belgian navvy is labelled “Ramsay Macdonald”: an American knockabout from the *café chantant* is carefully marked “Keir Hardie.” Is it worth while to spend so much money to provide our Socialist debaters with footballs? If the Socialists did not know the difficulties of Socialism better than their opponents, and were not therefore far sterner Tories than the tariff reformers and far sounder Liberals than the free-traders; if all decent men were not nine-tenths Socialists to begin with, whether they know it or not; if there were any possibility of controversy as to the fundamental proposition of Socialism that whoever does not by the work of his prime repay the debt of his nurture and education, support himself in his working days, and provide for his retirement, inflicts on society precisely the same injury as a thief, then indeed the prospect would be black for civilization. As it is, I will continue to back the red flag against the black one; and with that I leave the Anti-Socialist League to sweep up the fragments of Mr

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Mallock and produce their next champion.—Yours truly,  
G. BERNARD SHAW.

*February 2.*

Mr Mallock made two replies to this letter. The first was sent to The Times, the readers of which had had my letter before them. It is practically a surrender without a blow. The second was sent to the other daily papers, the readers of which had not seen my letter. It is an attempt to retreat in fighting order.

The Times letter is as follows:

MR BERNARD SHAW ON MR MALLOCK

*To the Editor of The Times*

SIR—If Mr Bernard Shaw cares to look into the pages of my Critical Examination of Socialism, he will find the opinion or “ideal” which he attributes to me stated with the most minute precision and emphatically repudiated. So far as I myself am concerned, his long letter is absolutely without relevance.—I am your obedient servant,

W. H. MALLOCK.

*February 5.*

The letter to the other papers ran thus:

MR MALLOCK AND G. B. SHAW

*To the Editor of the Morning Advertiser*

SIR—Mr Shaw, although in his letter to the press, published this morning, he diverges into a variety of details, says that his main object is to criticize an opinion, or an “ideal” which he imputes to myself. The ideal translates itself into the doctrine that whatever increment of wealth is produced by ability as distinct from labor ought to be entirely appropriated by the gifted individual producing it, and that nobody else should receive from it any benefit. I have no right to demand that Mr Shaw should read my writings, but it is reasonable to demand

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that he should read them before he attempts to criticize my opinions or "ideals." If he had taken the trouble to read my Critical Examination of Socialism, he would have found that the particular ideal or opinion which he imputes to me is described in that book with the utmost precision, but is described only that it may be in precise terms repudiated.

On page 202 he will find the following passages:—"If, therefore, the claims of labor are based on, and limited to, the amount of wealth which is produced by labor itself . . . what labor would receive would be far less, not more, than what it receives today. . . . Is it, then, here contended, many readers will ask, that if matters are determined by ideal justice, or anything like practical wisdom, the remuneration of labor in general ought henceforth to be lessened, or, at all events, precluded from any possibility of increase? . . . If anyone thinks that such is the conclusion which is here suggested, let him suspend his opinion until we return to it, as we shall do, and deal with it in a more comprehensive way." This question is taken up again, page 283, as follows:—"Is it, then, the reader will ask, the object of the present volume to suggest that the true course of social reform in the future . . . would be to bind down the majority to the little maximum they could produce by their own unaided efforts? The object of this volume is the precise opposite. It is not to suggest that they should possess no more than they produce. It is to place their claim to a surplus not produced by themselves on a true instead of a fantastic basis." Mr Shaw may be left to read what follows if he pleases.

With regard to two other definite points, he touches farther on what he calls my opinions, or my "rustic ignorance" of economics. One of these relates to the "rent of ability." If he turns to pages 191-193 of my Critical Examination of Socialism, he will find this question discussed with great minuteness, the truth contained in the doctrine held by himself and other Socialists admitted and endorsed, and an element in the problem, which is yet more important, but to which they are entirely blind, specified. With regard to what Mr Shaw says about con-

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flagrations and “babies’ nighties,” he will find this precise point anticipated and dealt with on page 122, Critical Examination. I have, let me repeat, no right to claim that Mr Shaw should read a line of anything I have written; but if in attempting to criticize the opinions and “ideals” of a writer, he imputes to him an ignorance or neglect of problems, *e.g.* the rent of ability, which he has discussed far more minutely than has Mr Shaw himself, and attributes to him opinions which he has elaborately repudiated, Mr Shaw will have hardly added to his reputation as a critic either of economic theory or of anything else. Mr Shaw writes about myself very much as a man would write who mistook the Book of Genesis for the Koran.— I am, Sir, yours, etc.

W. H. MALLOCK.

February 5, 1909

I am usually willing “to build a bridge of silver for a flying foe,” but in this case I cannot let Mr Mallock off without pursuing him to utter extinction. The book to which Mr Mallock refers as shewing that he has dealt with my argument does nothing of the kind: it reaffirms his error as strongly as he knows how to do it. Even if it contained a recantation, I should still have to deal with his unprovoked attack on Mr Keir Hardie, and with his Short Epitome of Eight Lectures on the Principal Fallacies of Socialism, in which he speaks of the Socialist “promise of distributing among the great mass of the population that portion of the annual income *which is at present in the hands of an exceptionally able minority.*”

But the Critical Examination of Socialism contains no recantation. What it does contain is a statement that though everything that men enjoy over and above what a savage can wring from nature with his unaided hands is due to the exceptional ability of the few (represented, Mr Mallock implies, by our rich class today), yet it is not expedient to strip them of everything they possess above that level, as otherwise they would have no interest in civilization, and would revolt. Therefore Mr Mallock promises to shew, in a future book, how society can be arranged

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so as to give us all just enough to bribe us to allow the rich to remain in undisturbed enjoyment of their present position. If anyone doubts the fairness of this description of Mr Mallock's last chapter, the book is easily accessible in the excellent cheap edition published by John Murray in November 1908. In spite of the extravagance of the fundamental proposition of the book, which is that what a man produces is "that amount of wealth which would not have been produced at all had his efforts not been made" (pp. 206-207), thereby making every necessary laborer the producer of the entire wealth of the world, it is well worth reading, because it happens that any prejudice that may still linger against Socialism is almost wholly based on such childish ignorance of existing social conditions, and defended by such absurd arguments, that Mr Mallock is forced by his sense of intellectual honor to begin by making a clean sweep of the blunders of his own supporters. In doing so, he knocks the bottom out of Unsocialism as effectively as in his religious polemics he has knocked the bottom out of the vulgar sectarianism that passes for religion in this country. His object is to clear the ground for his own peculiar Individualism and Catholicism; but he has cleared it equally for the Fabian Society, which has the same interest as Mr Mallock in dispelling ignorance and confusion of thought. Besides, it is as well that the world should know that just as it seems clear to many laborers that the men who walk about in frock-coats and tall hats, talking and writing letters, are not workers at all, and produce nothing, so these very frock-coated men believe, like Mr Mallock, that the hired laborer is a brainless machine that owes the very fuel and grease that keep it working to the intelligence of the class that exploits it.

However, I need not argue the case with Mr Mallock now. It happens that in 1894 a wave of discussion of Socialism was passing over the press. Mr Mallock was then already ventilating his theory that the distribution of wealth in this country into big fortunes for the few and pittances for the many, corresponds to the natural division of the British race into a handful of geniuses and many millions of mediocrities. His diagrams are still extant

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to shew the lengths to which he went. Mr Frank Harris was then editing *The Fortnightly Review*. He asked me could I answer Mr Mallock. I replied boyishly that any Socialist over the age of six could knock Mr Mallock into a cocked hat. He invited me to try my hand; and the result was the following essay, which appeared in the *Review* in April 1894. I emphasize the date to shew that Mr Mallock has had plenty of time to consider my case and answer it. When he put forth his *Critical Examination of Socialism* and accused Mr Keir Hardie of illiterate ignorance, he forgot that his own *Unsocialism* had been critically examined, and that Mr Keir Hardie had all the classic economists, from Adam Smith to Cairnes, at his back. Mr Keir Hardie is, in fact, on this subject, demonstrably a better read and better informed authority than Mr Mallock.

I reprint my arguments as they appeared in 1894. During the fifteen years since, Oblivion has made a few topical allusions unintelligible, and Death has changed some present tenses into past ones. I have dealt with these by a few inessential alterations, and omitted some chaff and some literary digressions; but the case against Mr Mallock stands as it did.



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MR MALLOCK's general proposition is, that exceptional personal ability is the main factor in the production of wealth, and that the Fabian essayists, by failing to grasp this, have greatly exaggerated the efficiency of mere labor in the production of wealth. Let me see whether the irrepressible smile which this accusation has produced upon the countenances of the essayists can be transferred to those of the public, and finally to that of Mr Mallock himself.

First, it is clear that such huge populations as ours really do owe their very existence to what Mr Mallock defines as Ability, and not to what he defines as Labor. The whole advantage of a Transatlantic steamship over a man paddling on a tree-trunk, of a Great Northern express over a pilgrim's staff, of a Nasmyth steam hammer over the lump of stone which St Jerome uses to beat his breast in the pictures of the Old Masters, or of a power-loom over the plaiting power of the fingers: all this is the product, not of Labor, but of Ability. Give Labor its due, says Mr Mallock; and it will receive only what it could produce if Ability had never existed. Now this would clearly be much less than enough to support even a fragment of our present population. Therefore, since Labor gets enough at present to keep it half alive or so, it must get more than its due (Mr Mallock calculates forty per cent more, though surely several thousand per cent would be nearer the mark); and the excess is a clear tribute levied upon Ability for the benefit of Labor. I take it that this is an inexpugnable proposition. Far from repudiating it, as Mr Mallock would seem to expect, I embrace it in the spirit in which Mrs Gamp asked Mrs Prig, "Who deniges of it, Betsy?" What on earth use would Ability be to us if it did not lighten our toil and increase our gain? We support and encourage Ability in order that we may get as much as possible out of it, not in order that it may get as much as possible out of us. Mr Mallock seems to regard this as dishonest. Possibly it is; but it is the sole safeguard for the existence of men of Ability. Give them and their heirs the entire

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product of their ability, so that they shall be enormously rich whilst the rest of us remain just as poor as if they had never existed; and it will become a public duty to kill them, since nobody but themselves will be any the worse, and we shall be much the better for having no further provocation to the sin of envy.

## THE ABLE INVENTOR

This does not seem to have struck Mr Mallock until the first appearance of this article in 1894. He had been preoccupied by the danger of the opposite extreme—that of grabbing the entire product of exceptional ability, and thus depriving it of its commercial incentive to action. Fortunately, society is not bound to go to either extreme: its business from the commercial point of view is to get the use of ability as cheaply as it can for the benefit of the community, giving the able man just enough advantage to keep his ability active and efficient, if it should really turn out that able men will act stupidly unless they are given extra pay. From the Unsocialist point of view this is simply saying that it is the business of society to find out exactly how far it can rob the able man of the product of his ability without injuring itself, which is precisely true (from that point of view), though whether it is a reduction of Socialism to dishonesty or of Unsocialism to absurdity may be left an open question. Happily we need not dwell on the moral question, since we have long ago adopted the Socialist point of view in every case in which the working of our industrial system admits of it. Take Mr Mallock's pet example, the inventor. His ability produces untold millions. Machine after machine is invented of which we are told that it has multiplied the productivity of labor twice, ten times, two hundred times, fourteen thousand times, and so on beyond the bounds of belief; and processes are devised by which metals are so strengthened that the formerly impossible is now possible, the gain being consequently incalculable. What do we do with the public benefactors who shew us how to perform these marvels? Do we allow them and their remotest posterity to wallow in the full product of their

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ability, and so lose all incentive to further exertion? Not a bit of it. We announce to them our intention of making their invention public property in fourteen years time, during which, provided they pay us certain fees for the privilege, we allow them by patent such a power of veto on the use of the invention as enables them to secure during that period a share—and only a share—of its product. If at the end of the fourteen years they can prove to us that their invention has made its way so slowly that they have not been reasonably repaid for their actual expenditure in time and money, we may perhaps extend their privilege for a further short period. But after that comes naked Socialistic expropriation, making the use of the invention free to the stupid and the clever alike.

### THE ABLE AUTHOR

To vary the illustration, let us take the case of Mr Mallock himself. For aught we know, Mr Mallock's novels may outlive Don Quixote and Tom Jones; and his economic essays may stand as long as Aristotle's. The difference in value between a page of one of his works and the advertisement sheet of a daily newspaper is wholly due to his ability, ability of an order which it is admittedly the highest duty of statesmanship to encourage to the utmost. Yet how socialistically we treat Mr Mallock! We reward his exertions by an offer to lend him his own books for forty-two years, after which the dullest bookseller in the land will be free to send his works to the printer and sell them without paying a farthing to the author's heirs. And nobody suggests, as far as I know, that if we were to extend the duration of patents and copyrights to a million years, we should get one book or one invention the more by it.<sup>1</sup>

Now let us suppose that on the expiration of Mr Mallock's copyrights the cheap bookseller of the period were to make £10,000 by getting out a cheap edition of *The New Republic*, and were to call his gains the product of literary genius. The

<sup>1</sup> The Copyright Act of 1911 has extended the duration of copyright to fifty years from the death of the author.

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statement would be quite accurate; but if he were to go on to claim any special sacredness (say from taxation) for his £10,000 on that account, he would be promptly met by the question, *Whose* literary genius? And when he replied, as he would have to, "Well, William Hurrell Mallock's genius," his fellow citizens would certainly inform him that they were not, if they could help it, going to privilege him because somebody else was a great writer. Now I will not say that any railway shareholder today is so absurd as to plume himself on the fact that his dividends are the product of inventive genius, leaving it to be inferred that the genius is his own and not George Stephenson's; but passage after passage in Mr Mallock's anti-Socialist writings either means that a railway dividend is the reward of the ability which invented the locomotive steam-engine or else means nothing at all. The obvious fact that the interest on railway stock in this country is paid mostly to people who could not invent a wheelbarrow, much less a locomotive, he treats as an ingenious Fabian paradox. And a cool assumption that every child, every woman of fashion, every man about town, every commonplace lady or gentleman who holds shares in an electric lighting company, or a telephone company, or a Transatlantic steamship company, is a Wheatstone, a Bell, an Edison, a Bessemer, a Watt, or a Stephenson, he gravely reasons upon, and takes as a basis for elaborate statistical calculations and startling diagrams, as if it were sober sense instead of the most laughably extravagant bluff that has ever been attempted, even in a controversy on Socialism. I am convinced that Mr Mallock himself, now that I have placed his argument naked before him, will throw himself on the mercy of the town, and ask whether it is likely that so clever a man as he could have meant anything so outrageous. But there are his figures, graphic and arithmetical, to shew that he meant that interest on capital is the price of exceptional ability, and that profits include payment for every human invention, from the potter's wheel to the marine steam-engine. Let me not here seem to disparage his common sense offensively. I cannot seriously believe that if some relative were to leave him a million of money,

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he would say to his stockbroker, "I am not satisfied with being a well-known author: I wish to be a great engineer too; so buy me some Manchester Ship Canal stock. I also yearn for fame as an aviator: get me instantly a few shares in the company which manufactured Monsieur Bleriot's aeroplane. As I wish to secure immortality as a great sculptor, I shall call a great statue into existence by my capital: no doubt Monsieur Rodin or some other professional person will put in the mere manual labor for a few thousand guineas. I have also, I must confess, a curious longing to be remembered as a famous actress: I shall therefore build a theatre and engage Sarah Bernhardt, Eleonora Duse, and one or two other female proletarians, who, without the aid of capital, would be selling oranges like Nell Gwynne." I see sure Mr Mallock has far too much ability to go on in any such insane way; and I even believe that if a laborer were to write articles claiming that labor was so mighty that one workman could with a single stroke knead a mass of metal as if it were a lump of dough or slice a bar of steel like a cucumber, Mr Mallock would smash such idiotic pretensions with the utmost brilliancy. Therefore, as I say, I am loth to trip him up for having advanced cognate pretensions on behalf of the shareholding class. I had rather by far hold my tongue; and I would have done so if only Mr Mallock would leave the Fabians and Mr Keir Hardie, who never injured him, unmolested. Why cannot a man write bad political economy without coupling it with an attack on the Fabian Society? The profit is naught; the retribution sudden, swift, and fearful.

## ABILITY AT SUPPLY-AND-DEMAND PRICES

The facts about "rent of ability" are not so simple as Mr Mallock thinks. To begin with, the price of ability does not depend on merit, but on supply and demand. Plato was, on the whole, a greater author than Old Moore, the almanack maker; but if he were alive now he would not make so much money by his books. When Ibsen died he was unquestionably the greatest dramatist of the nineteenth century; but he was very far indeed

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from being the richest. Great philosophers and poets are apt to starve because, as their wares are above the heads of the public, there is no demand and therefore no price, although the commodity offered is very scarce and precious. But when the ability is of a sort everyone can appreciate, or, above all, that can make money or cure illness, there is no lack of demand. Sometimes there is no lack of supply either: for instance, in a modern city the policemen, the firemen, the sewer-men, are supposed to save property, life, and health wholesale: yet their ability is to be had without stint for twenty-four shillings a week or thereabouts, because the supply is large. Not so the supply of popular portrait-painters, novelists, dramatists, consultant physicians, special pleaders, and directors and organizers of industry. These popular persons get large sums, not because their talents are more useful to society than those of the policemen, but solely because they are scarcer.

## IMAGINARY ABILITY

I say popular persons rather than able persons; for the public is often a very bad judge of ability. For example, there died a short time ago a barrister who once acquired extraordinary celebrity as an Old Bailey advocate, especially in murder cases. When he was at his zenith I read all his most famous defences, and can certify that he always missed the strong point in his client's case and the weak one in the case for the prosecution, and was, in short, the most homicidally incompetent impostor that ever bullied a witness or made a "moving" but useless appeal to a jury. Fortunately for him the murderers were too stupid to see this: besides, their imaginations were powerfully impressed by the number of clients of his who were hanged. So they always engaged him, and added to his fame by getting hanged themselves in due course. In the same way a surgeon will get a reputation as the only possible man to consult in cancer cases simply because he has cut off more breasts than anyone else. The fact that in all the professions there is one first favorite means no more

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than the fact that there is only one editor of *The Times*. It is not the man who is singular, but the position. The public imagination demands a best man everywhere; and if Nature does not supply him the public invents him. The art of humbug is the art of getting invented in this way. Every generation invents great men at whom posterity laughs when some accident makes it aware of them. Even in business, the greatest reputations are sometimes the result of the glamor of city superstition. I could point to railway chairmen reputed indispensable, whom the shareholders and the travelling public might with great profit and comfort to themselves send to St Helena with a pension of £10,000 a year.

## THE ABILITY THAT GIVES VALUE FOR MONEY

But in business, as a rule, a man must make what he gets and something over into the bargain. I have known a man to be employed by a firm of underwriters to interview would-be insurers. His sole business was to talk to them and decide whether to insure or not. Salary, £4000 a year. This meant that the loss of his judgment would have cost his employers more than £4000 a year. Other men have an eye for contracts or what not, or are born captains of industry, in which cases they go into business on their own account, and make ten, twenty, or two hundred per cent where you or I would lose five. Or, to turn back a moment from the giants to the minnows, take the case of a woman with a knack of cutting out a dress. She gets six guineas a week instead of eighteen shillings. Or she has perhaps a ladylike air and a figure on which a mantle looks well. For these she can get several guineas a week merely by standing in a show-room letting mantles be tried on her before customers. All these people are renters of ability; and their ability is inseparable from them and dies with them. The excess of their gains over those of an ordinary person with the same capital and education is the "rent" of their exceptional "fertility." But observe: if the able person makes £100,000, and leaves that to his son, who, being but an ordinary gentleman, can only get from two and a half to four per cent on

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it, that revenue is pure interest on capital and in no sense whatever rent of ability. Its confiscation would set an idle man to work instead of depriving ability of its motive for exertion. When the late Lord Goschen was Chancellor of the Exchequer, he confiscated a half per cent of the interest on Consols without checking the exercise of ability in the least. Later on, when the value of even the reduced Consols was further reduced twenty-five per cent by the South African War, and simultaneously the Income Tax (which is pure confiscation) jumped up to a shilling in the pound, the effect was not to dull our wits but to sharpen them. Raise a tradesman's rent (a very common form of private confiscation) and he works harder, not softer.

### WASTE OF ABILITY AND INFLATION OF ITS PRICE BY THE IDLE RICH

Let us consider now how far exceptional payments depend really on the ability of the earner, and how far on the social conditions under which they occur. To begin with a striking instance. A famous painter charges, and gets, 2000 guineas for painting a portrait. Such a price is rendered possible solely by the existence of a class of patrons so rich that the payment of 2000 guineas inflicts less privation on them than the payment of sixpence to an itinerant photographer on Hampstead Heath inflicts on a courting costermonger. These portraits are as often as not portraits of persons of average or inferior ability. If such persons had to earn the price of their portraits by their own labor, they would not pay two guineas, much less 2000, for a portrait. On the other hand, the painter demands 2000 guineas solely because he finds that he can get it, not in the least because his genius refuses to operate under a weaker stimulus. He will paint as good a portrait for £50 as for £2000 if £50 is the top of his market: greater painting than any yet produced in Melbury Road or Fitzjohn's Avenue has been worse paid than that. The fashionable physician, the surgeon pré-eminently skilled in some dangerous operation, the Parliamentary barrister, all owe the excess of

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their incomes over that of, say, a cabinet minister, to the competition among enormously rich people or huge companies for their services. In order to state the case in the most foolish possible way, let me put it that modern Capitalism has created thousands of guineas' worth of professional ability where only tens and hundreds existed before. All that this means is that it has raised the price of certain sorts of ability twenty-fold without at all improving their quality. And in enabling idle rich people to buy up the best of this ability, it has greatly wasted and nullified it. The eminent painter paints unmemorable people; the fashionable physician preserves the lives of useless people; the Parliamentary barrister would be more useful to society as an upper division clerk in the legal branch of some public department. Generally speaking, it may be said that our capitalists pay men of ability very highly to devote their ability to the service of Capitalism; and the moment society begins to outgrow the capitalistic system, it is no longer permissible to assume that ability devoted to the service of Capitalism is serviceable to society, or, indeed, that ability which can only flourish in that way is, from the social point of view, ability at all.

## ARTIFICIAL RENT OF ABILITY

One result of that social inequality which Capitalism produces, and which Mr Mallock admires as innocently as Pendennis admired Miss Fotheringay, is to produce an enormous artificial rent of ability. Just as high farming increases the yield of an acre of land, so education may increase the yield of a man. But high farming cannot increase the natural rent of an acre, since all the other acres can be high-farmed too; so that the difference between the worst acre and the best (otherwise the "economic rent") can be reduced finally by equality of cultivation until it is no longer greater than the natural difference in fertility. Just so, by educating everybody, the social advantage which the educated man now has over the uneducated one can be destroyed, as it has been in the upper classes today. Again, enormous salaries are now

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paid to men because they add to ordinary business qualifications the habits and “manners and tone” of people who have unearned incomes of £10,000 a year and upward. By doing away with such incomes of idleness, society could make such habits impossible, and such manners and tone ridiculous. If Mr Mallock will only consider that at present the mass of our population is so poor that any presentable sort of literateness or social amenity, down even to personal cleanliness and a reasonable reticence in the matter of expectoration, has a distinct scarcity value, he may gain some faint suspicion of how much of that £490,000,000 a year which we pay in profits and salaries represents rent, not of natural ability, but of social opportunity.

## ARTIFICIAL ABILITY

There is another sort of artificial superiority which also returns an artificial rent: the superiority of pure status. What are called “superiors” are just as necessary in social organization as a keystone is in an arch; but the keystone is made of no better material than many other parts of a bridge: its importance is conferred on it by its position, not its position by its importance. If half-a-dozen men are cast adrift in a sailing boat, they will need a captain. It seems simple enough for them to choose the ablest man; but there may easily be no ablest man. The whole six, or four out of the six, or two out of the six, may be apparently equally fit for the post. In that case, the captain must be elected by lot; but the moment he assumes his authority, that authority makes him at once literally the ablest man in the boat. He has the powers which the other five have given him for their own good. Take another instance. Napoleon gained the command of the French army because he was the ablest general in France. But suppose every individual in the French army had been a Napoleon also! None the less a commander-in-chief, with his whole hierarchy of subalterns, would have had to be appointed—by lot if you like—and here, again, from the moment the lot was cast, the particular Napoleon who drew the straw for commander-in-chief

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would have been the great, the all-powerful Napoleon, much more able than the Napoleons who were corporals and privates. After a year, the difference in ability between the men who had been doing nothing but sentry duty, under no strain of responsibility, and the man who had been commanding the army would have been enormous. As "the defenders of the system of Conservatism" well know, we have for centuries made able men out of ordinary ones by allowing them to inherit exceptional power and status; and the success of the plan in the phase of social development to which it was proper was due to the fact that, provided only the favored man were really an ordinary man, and not a duffer, the extraordinary power conferred on him did effectually create extraordinary ability as compared with that of an agricultural laborer, for example, of equal natural endowments. The gentleman, the lord, the king, all discharging social functions of which the laborer is incapable, are products as artificial as queen bees. Their superiority is produced by giving them a superior status, just as the inferiority of the laborer is produced by giving him an inferior status. But the superior income which is the appanage of superior status is not rent of ability. It is a payment made to a man to exercise normal ability in an abnormal situation. Rent of ability is what a man gets by exercising abnormal ability in a normal situation.

## How LITTLE REALLY GOES TO ABILITY

If Mr Mallock will now take his grand total of the earnings of Ability, and strike off from it, first, all rent of land and interest on capital; then all normal profits; then all non-competitive emoluments attached to a definite status in the public service, civil or military, from royalty downwards; then all payments for the advantages of secondary or technical education and social opportunities; then all fancy payments made to artists and other professional men by very rich commonplace people competing for their services; and then all exceptional payments made to men whose pre-eminence exists only in the imaginative ignorance

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of the public, the remainder may with some plausibility stand as genuine rent of natural ability. But in making these calculations, I would warn him against exaggerating the life incomes of the most envied professional men and skilled workers. It is not for nothing that highly educated and cultivated men go into that part of Socialism which already exists, the Civil Service, and leave the competitive prizes of the professions to be scrambled for by persons who, as a class, are by no means their superiors. In the Civil Service there is status; there is pay from the time you begin work; there are short hours and at least the possibility of good health; there is security; there is a pension; and there is early marriage without imprudence or misalliance. In the professions the beginners are forty; there is no security; health is impossible without the constitution of a thousand horses; work never ceases except during sleep and the holidays which follow the usual breakdown two or three times a year; shirking or taking things easily means ruin; the possibilities of failure are infinite; and the unsuccessful professional man is wretched, anxious, debt-crippled, and humbled beyond almost any other unfortunate who has mistaken his vocation. If the income which a successful man makes between forty-five and sixty-five be spread over the preceding twenty years; if the severity of the brain-work as compared with that needed for any sort of routine be taken into account; and if a sufficient allowance be made for that part of the remuneration which may fairly be regarded as high interest on a frightfully risky investment, I think Mr Mallock will begin to understand why the State can even now get into its service at moderate salaries men no less able than the professions attract, especially among those who have had a first-rate education, but who have to begin to support themselves immediately their education is finished.

The same care should be taken in estimating those high wages for manual labor which sometimes make the needy gentleman envy the boiler-maker or the steel-smelter. Such workmen, if their physique is extraordinary, can make £8 a week in the prime of life. But the prime of life does not last very long at work that

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fetches that price. It is as well worth a strong man's while to be a policeman with a sixth of such wages. Mr Mallock was once greatly struck with the wages earned by the coal-hewers during the boom of 1872-3: he never tired of telling us stories of the dogs fed on beeksteaks, of the pipes with four bowls, and the rest of the evidence that the world is not going to be reformed off hand by giving £5 a week to men who have never had the chance of learning how to spend two. He might have added that mortality statistics bring out coal-mining as a healthy occupation, the truth being that when a miner is past his best working period, he has to fall back on some poorer occupation above ground, so that but few men die coal-miners. From one end to the other of the social scale nothing is more misleading than to assume, in the case of those who are paid competition wages, fees, or salaries, that they receive the top price paid in their profession or trade constantly throughout their whole working life. Further, in estimating the value of large salaries and high fees, it is necessary to take into account how much of it is mere payment of the expenses involved by the social position in which alone they can be earned.

A young man building up a fashionable practice as a doctor in London cannot save a farthing out of £1000 a year, though his personal tastes may be so inexpensive that in the Civil Service he would save £200 a year out of a salary of £400 without the least privation. As was pointed out, I think, in Fabian Essays, the servants in Dublin Castle are better paid than the Lord Lieutenant of Ireland, because they can live on their wages, whereas he cannot. Mr Mallock expresses the greatest scepticism as to the Fabian estimate of £800 a year *real* salary as sufficient to attract men of first-rate ability and education at present. No doubt it seems a trifle when one fixes one's eyes on the men who are making from £10,000 to £20,000 a year at the professions, or on the millionaires of America. But you have only to look in other directions to find men of at least equal ability and character to whom an assured income of £800 a year would be a fortune. At all events, the hard fact remains that neither in our civil nor

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military services do we find it necessary to pay salaries equal to the income of a leading financier, contractor, physician, or K.C. As to chemists, biologists, astronomers, mathematicians, economists, poets, and the higher brainworkers generally, no fairly prosperous publican would look at their professional incomes.

## SOCIALISM THE PARADISE OF THE ABLE

It seems to me that Social Democracy would, in comparison, be the paradise of the able man. Every step that we make towards it takes our industry more and more out of the hands of brutes and dullards. The fellow who in the first half of the nineteenth century (the wicked century, as posterity will call it) could make a fortune out of cotton spinning only on condition that he was allowed to use up nine generations of men mercilessly in one generation, has been driven out of the trade by that pioneer of Socialism, the factory inspector. When the working day in England is reduced to eight hours by law, and the employment of a human being at less than a living wage is made a felony, the incompetents who cannot make their trade self-supporting on these humane and reasonable conditions will simply have to see their business slip from them into the hands of those who can. The sweater will have to go the way of the flogging schoolmaster, or the captain who can only maintain discipline by making his ship a floating hell. Society will keep raising the standard of popular welfare to which industrial management must be adjusted, until an employer will no more be allowed to kill people by over-work or poisonous processes than he is now to kill them by sword or gun. And at every step of the process a fringe of the most selfish and stupid employers will be disqualified and beaten off into the ranks of the employed, their customers going to swell the business of men with ability enough to succeed under the new conditions. If there be any employer who will be "ruined" by having to reduce the hours of labor of his employees from ten, twelve, fourteen, or sixteen to eight, or to raise their wages from four, twelve, or sixteen shillings a week to twenty-four or thirty,

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then the sooner he is “ruined” the better for the country, which is not benefited by allowing its population to be degraded for the benefit of duffers. Mr Mallock is right in supposing that Socialism, if it wants ability, will have to pay for it, but quite wrong in supposing that the price will be eight-thirteenths of the national product.

## THE HIGHEST WORK ALSO THE CHEAPEST

I am by no means sure that an occupation so exceedingly agreeable to the men able to do it well as the organization of industry, may not at last come to be cheaper in the market than the manual labor involved by such disagreeable and dangerous tasks as sewerage, foundry work, stoking, certain kinds of mining, and so on. Clearly, if Mr Mallock or myself had to choose between managing an iron-works for £250 a year and puddling for £500, we should jump at the £250. In fact, it is already evident that numbers of the occupations now filled by the working classes will eventually have either to be replaced by new processes or else dropped altogether, through the impossibility of finding men or women willing to submit to them. Nobody anticipates any such difficulty with regard to the pursuits of the middle classes. Already, in many manufacturing towns, it is difficult to get even a half-witted domestic servant. The girls prefer the mill to the kitchen. But there is no difficulty in getting matrons for public institutions. How is it that Mr Mallock, who has himself chosen a profession in which, unaided by clerks, he has to exercise ten times the ability of a stockbroker for perhaps a fifth of what the stockbroker would consider handsome remuneration, seems never to have considered the very first peculiarity of exceptional ability, namely, that unlike mere brute capacity for the drudgery of routine labor, it is exercised for its own sake, and makes its possessor the most miserable of men if it is condemned to inaction? Why, bless my heart, how did Fabian Essays, which Mr Mallock admires so much, come to be written? Solely because the writers were able to write them, and, having the usual allowance of vanity, would not hide that ability

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under a bushel, though they knew beforehand that not one of them would ever touch a farthing of any pecuniary profit that might arise from the publication. If an ordinance were issued tomorrow that every man, from the highest to the lowest, should have exactly equal pay, then I could quite understand difficulties arising from every man insisting on being head of his department. Why Mr Mallock should anticipate rather that all the heads would insist on becoming subordinates is more than I can reconcile with the intelligence for which he is famous. As a matter of fact there would be no novelty about the arrangement. Equal pay for persons of the most varied attainments exists at present within class limits. As to chiefs receiving less than subordinates, a naval captain's salary is smaller than that of many men in subordinate and relatively undignified commercial positions.

## THE ECONOMICS OF FINE ART

I might go on to make many amusing conjectures about the prodigious fortunes which great artists will perhaps make under Social Democracy by simply putting a turnstile at the door of their studio or music-room, and charging five shillings a head for admission, which would presumably be freely paid by the cultured and prosperous millions of that period. But the economics of Art deserve an essay all to themselves. The difference between the baker, who produces something that is destroyed by the first consumer, and the artist, who produces something that is none the worse after generations of consumers have had their fill of it, is full of matter for the economist. And yet none of our professors have thought of writing a chapter on the Royal Academy turnstiles, which coin shillings in defiance of all the normal laws of production and consumption.

## PROFITS AND EARNINGS *versus* RENT AND INTEREST

Mr Mallock has never got away from that unfortunate economic discovery of his about the hundreds of millions annually paid as

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rent and dividends being created by the ability of the recipients. During his lifetime he has seen several thousand millions of it produced by labor and ability, and then handed over gratuitously to "the man who has only to take a pair of scissors and to clip coupons, or to write a receipt for the tenant who pays him rent" (I borrow the phrase from that excellent Conservative, the late Prince Bismarck). Large shares of it pass daily under Mr Mallock's very nose from adults to infants, from able men to imbeciles, from thrifty men to wasters, from all sorts of persons who might conceivably be producing something voluntarily and without compulsion for the community in return for what it unconditionally gives them, as Ruskin did, to ladies and gentlemen who make no pretence of producing anything. Must I again quote that well-worn passage from the late Professor Cairnes's *Some Leading Principles of Political Economy*, which formulated the conclusions of the orthodox economy on this subject, and which has never been challenged or contradicted by any economist until today, when Mr Mallock dashes his head against it under the impression that it is a novel and dangerous heresy launched by a few sophistical Fabians? Here is the passage, which I quote with the more satisfaction, as nobody would tolerate such strong language from me:—

"That useful function, therefore, which some profound writers fancy they discover in the abundant expenditure of the idle rich, turns out to be a sheer illusion. Political economy furnishes no such palliation of unmitigated selfishness. Not that I would breathe a word against the sacredness of contracts. But I think it important, on moral no less than on economic grounds, to insist upon this, that no public benefit of any kind arises from the existence of an idle rich class. The wealth accumulated by their ancestors and others on their behalf, where it is employed as capital, no doubt helps to sustain industry; but what they consume in luxury and idleness is not capital, and helps to sustain nothing but their own unprofitable lives. By all means they must have their rents and interest, as it is written in the bond; but let them take their proper places as drones in the hive, gorging at a

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feast to which they have contributed nothing."

What is the secret of the difference between the views of Cairnes and those of Mr Mallock? Simply that Cairnes knew the difference between profits and general earnings on the one hand, and rent and interest on the other; whereas Mr Mallock has jumped at the conclusion that because ability can produce wealth, and is rare, and men who are rich are also rare, these rich and rare ones must also be the able ones? How else can you account for them? How, indeed, if you happen to be still at the wrong side of that *pons asinorum* of political economy, the law of rent, with all its very unexpected social reactions! The Fabian essayists have done their best to convince Mr Mallock that if the Duke of Westminster makes 500 times as much as a landlord as Mr Mallock does as an author, it is not because the Duke is 500 times as clever as Mr Mallock. But Mr Mallock is modest, and will have it so; and I will worry him no further about it.

## GOVERNMENT OF THE MANY BY THE FEW

Mr Mallock is much impressed by the fact that throughout history, from the shepherd kings to the nitrate kings and beef barons, we find the few governing the many. If by this he means that the few have ever been able to raise the many to their own level, then he is blind to the historical tragedy of greatness. But it is true that such organization as the many have been capable of has always been directed for them, and in some cases imposed on them, by the few. And I have no doubt that under Social Democracy the few will still organize, and that, too, without having to consider at every step the vested interests of moneyed noodledom in "the system of Conservatism." Well has Mr Mallock pointed out that the evolution of society produces, not anarchy, but new types of ruler, and, I would ask him to add, new forms of government. Once it was the first William with his sword and his barons. Then it was the first Edward, with his commission of *quo warranto*, bending the necks of those barons. But yesterday it was the cotton king with his capital and his

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ogreish factory: today it is the Factory Code bending the necks of the ogre cotton kings. Tomorrow it may be—who knows?—an able Labor Ministry, backed up by a bureaucracy nursed on Fabian Essays. But Mr Mallock's historic generalization will hold good: the few will still organize the many. That great joint-stock company of the future, the Social Democratic State, will have its chairman and directors as surely as its ships will have captains. I have already pointed out that ships must have captains, even when there is an absolute level of ability on board, just as an arch must have a keystone. I cast back to that now only for the sake of reminding Mr Mallock that this fact of the direction by the few of the many which he finds involved in all forms of social organization, has no necessary connection with any natural superiority on the part of the few. Indeed, Mr Mallock will find it impossible to prove that the governing few have ever, in any generally valid sense, been the ablest men of their time. James I governed Shakespear: was he an abler man? Louis XV and his mistresses governed Turgot: was it by their superiority in ability or character? Was Mr Balfour an abler man than Mr Asquith until the last general election? and has Mr Asquith been the abler since? Have all the men who have governed Mr Mallock been abler than he is?

These questions are nonsensical because, as Mr Mallock himself has remarked, ability is not an abstract thing: it always means ability for some definite feat or function. There is no such thing as the ablest man in England, though there is such a thing as the ablest high jumper, the ablest hammer thrower, the ablest weight lifter, etc. When we come to more composite questions, such as the ablest financier, or strategist, or organizer of some particular industry, we call that man the ablest who has most of the qualities which happen to be supremely important, *under existing conditions*, in finance, strategy, or the particular industry in question. Change the conditions, and quite another set of men will be the ablest. Every year gives us a fresh example of the fact that a man who has succeeded conspicuously in some enterprise in America may fail ignominiously in it in England, the reason being that

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he is an able man for the purpose under American conditions, and an incompetent one under English conditions. The Owenite Socialists who had made fortunes in business failed to make good their reputation even for common sense in their attempts to organize Owenism. Or to take one of Mr Mallock's own illustrations, the able man of feudal England was quite a different man from the able man of commercial England. At least, let us hope so. As to Mr Mallock's exceedingly unhistoric apprehensions that the said able men will refuse to exercise their ability for good pay and pension from Social Democracy, unless they are also provided with opportunities of investing their savings in order to make idlers of their children, I doubt whether the public will take the alarm. He may depend on it that Social Democracy, like all other Ocracies, will have a great deal more trouble with its idle and worthless members than with its able ones.

## THE INCENTIVE TO PRODUCTION

"Men," says Mr Mallock, "will not exert themselves to produce income when they know that the State is an organized conspiracy to rob them of it." My impression hitherto has been that the whole history of civilization is the history of millions of men toiling to produce wealth for the express purpose of paying the tax-collector and meeting the State-enforced demands of landlords, capitalists, and other masters of the sources of production. Mr Mallock might as well deny the existence of the Pyramids on the general ground that men will not build pyramids when they know that Pharaoh is at the head of an organized conspiracy to take away the Pyramids from them as soon as they are made. Are not those very rents and dividends over which Mr Mallock has so ingeniously gone astray produced today by workers of all grades, who are compelled by the State to hand over every farthing of it to "drones," as Professor Cairnes called them? But the Attorney-General does not retire from the Bar because he has to hand over part of his fees to the lord of the plot of English soil on which his private house is built; nor did the

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factory girl refuse to toil, amid poisonous fumes of whitelead and phosphorus, because from ten to thirty per cent of what she and the rest of the factory staff produced was taken from them and handed over to shareholders who never saw the factory, and whose original contributions to the cost of its erection had been replaced out of its own produce long before. When the State said, to Attorney-General and factory girl alike, "Submit, starve, or go to prison; which you please," they submitted, that being the most comfortable of the three alternatives. A Social Democratic State could "rob" (the word is Mr Mallock's, not mine) in the same fashion if its constituents, against their own interests, gave it a mandate to do so. If "the idle rich" (Professor Cairnes again) were taxed so heavily as to leave them nothing but bare agents' fees for the collection of their incomes and their transfer to the Inland Revenue Department, there is no reason to suppose that the production of income would be decreased by a single farthing through any sulking of the despoiled spoilers. If a man is producing nothing, nobody can be the worse for a reduction of his incentive to produce. The real difficulty in the way of taxing unearned incomes to extinction is the impossibility of a seizure of £800,000,000 every year by a Government which, as at present organized, has no means of immediately restoring that sum to general circulation in wages and salaries to employees of its own. This difficulty has been explicitly dealt with in Fabian Essays (page 189, etc.), in a passage which Mr Mallock's criticisms do not affect.

## THE LONG AND SHORT OF THE MATTER

The long and short of the matter is that Mr Mallock has confused the proprietary classes with the productive classes, the holders of ability with the holders of land and capital, the man about town with the man of affairs. In 1894 I advised him to take up the works of the Individualist American economist, General F. A. Walker, who, before the Fabian Society was born, expounded the economics of ability in a manner to which neither

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Fabians nor Conservatives have raised, or need raise, any objection. He did not take my advice until he went to America and was accused of borrowing from the General by somebody who must surely have understood neither of the twain. But now that he has read him, he can appreciate the following passage from the same author's *Money in its Relation to Trades and Industry* (London, 1880, pp. 90-91):—

“The attitude of both laborers and capitalists [during a period of five years' industrial depression in the United States] has given the strongest testimony that the employing classes are completely the masters of the industrial situation. To them capital and labor are obliged alike to resort for the opportunity to perform their several functions; and whenever this class, in view of their own interests, refuse that opportunity, capital and labor remain unemployed, incapable of the slightest initiative in production.”

There you have your skilled economist. He does not romance about capitalists inventing Atlantic steamers: he shews you the capitalist and the laborer running helplessly, the one with his money, the other with his muscle, to the able man, the actual organizer and employer, who alone is able to find a use for mere manual dexterity, or for that brute strength or heavy bank balance which any fool may possess. And the landlord must put his acres into the same cunning hands. The landlord, capitalist, and laborer can none of them do without the employer: neither can he do without land, capital, and labor. He, as the only party in the transaction capable “of the slightest initiative in production,” buys his three indispensables as cheaply as he can; pays the price out of what he makes out of them; and keeps the balance as his profit. If a joint-stock company offers him as much by way of salary as managing director as he can make on his own account, he has no interest in refusing the post. If the Government, or a municipality, offers him equivalent advantages as a State or municipal officer, he will not scorn their offer from a sentimental attachment to “the system of Conservatism.” The Fabians have shewn that the situation is changing in such a way

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as to set our governing bodies, local and central, outbidding the private employer for the services of the laborer, and competing with the private capitalist and landlord for the services of the employer, whilst concurrently confiscating, by familiar constitutional processes, larger and larger portions of the land and capital that has fallen into idle hands. Mr Mallock, in reply, bids the Conservatives be of good cheer, since he can prove that nearly all wealth is the product of ability and not of labor—no great consolation to those Conservatives who deal in neither, but only in land and capital. And to set at rest any lingering misgivings which his economic demonstrations may have left, he adds that the gobbling up of proprietary incomes by Social Democracy, on Fabian lines, is not “fundamental Socialism,” but only “incidental and supplementary Socialism,” which rightly considered, are “really examples and results of a developing Individualism.” This explanation has been of great comfort to the Fabians. Whether it will be equally relished by the Conservatives is a question upon which I am too modest to offer an opinion.

NOTE.—The authorities for the figures given on pages 282 and 293, with many other particulars as to the distribution of income in this country which should be in the hands of every citizen, will be found in Fabian Tract No. 5, Facts for Socialists. Fabian Tract No. 7, Capital and Land, should also be read in this connection.



# FABIAN ESSAYS TWENTY YEARS LATER



# FABIAN ESSAYS TWENTY YEARS LATER

*(Preface to the 1908 Reprint)*

SINCE 1889 the Socialist movement has been completely transformed throughout Europe; and the result of the transformation may fairly be described as Fabian Socialism. In the eighteen-eighties, when Socialism revived in England for the first time since the suppression of the Paris Commune in 1871, it was not at first realized that what had really been suppressed for good and all was the romantic revolutionary Liberalism and Radicalism of 1848, to which the Socialists had attached themselves as a matter of course, partly because they were themselves romantic and revolutionary, and partly because both Liberals and Socialists had a common object in Democracy.

Besides this common object the two had a common conception of method in revolution. They were both catastrophic. Liberalism had conquered autocracy and bureaucracy by that method in England and France, and then left industry to make what it could of the new political conditions by the unregulated action of competition between individuals. Briefly, the Liberal plan was to cut off the King's head, and leave the rest to Nature, which was supposed to gravitate towards economic harmonies when not restrained by tyrannical governments. The Socialists were very far ahead of the Liberals in their appreciation of the preponderant importance of industry, even going so far as to maintain, with Buckle and Marx, that all social institutions whatever were imposed by economic conditions, and that there was fundamentally only one tyranny: the tyranny of Capital. Yet even the Socialists had so far formed their political habits in the Liberal school that they were quite disposed to believe that if you cut off the head of King Capital, you might expect to see things come right more or less spontaneously.

No doubt this general statement shews the Revolutionaries of 1848-71 as simpler than they appear on their own records. Proudhon was full of proposals: one of them, the minimum wage,

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turns out to be of the very first importance now that Mr and Mrs Sidney Webb have put the case for it on an invincible basis of industrial fact and economic theory. Lassalle really knew something of the nature of law, the practice of Government, and the mind of the governing classes. Marx, though certainly a bit of a Liberal fatalist (did he not say that force is the midwife of progress without reminding us that force is equally the midwife of chaos, and chaos the midwife of martial law?), was at all events no believer in *laissez-faire*. Socialism involves the introduction of design, contrivance, and co-ordination, by a nation consciously seeking its own collective welfare, into the present industrial scramble for private gain; and as it is clear that this cannot be a spontaneous result of a violent overthrow of the existing order, and as the Socialists of 1848–71 were not blind, it would be impossible to substantiate a claim for Fabian Essays as the first text-book of Socialism in which catastrophism is repudiated as a method of Socialism.

Therefore we must not say that the Revolutionists and Internationalists of 1848–71 believed in a dramatic overthrow of the capital system in a single convulsion, followed by the establishment of a new heaven, a new earth, and a new humanity. They were visionaries, no doubt; all political idealists are; but they were quite as practical as the Conservatives and Liberals who now believe that the triumph of their party will secure the happiness and peace of the country. All the same, it was almost impossible to induce them to speak or think of the Socialist State of the future in terms of the existing human material for it. They talked of Communes, and, more vaguely and less willingly, of central departments to co-ordinate the activities of the Communes; but if you ventured to point out that these apparently strange and romantic inventions were simply city corporations under the Local Government Board, they vehemently repudiated such a construction, and accused you of reading the conditions of the present system into Socialism. They had all the old Liberal mistrust of governments and bureaucracy and all the old tendency of bourgeois revolutionists to idolize the working class. They

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had no suspicion of the extent to which the very existence of society depends on the skilled work of administrators and experts, or how much wisdom and strength of character is required for their control by popular representatives. They actually believed that when their efforts throughout Europe had demonstrated the economics of Socialism to the proletariats of the great capitals, the cry “Proletarians of all lands; unite,” would be responded to; and that Capitalism would fall before an International Federation of the working classes of Europe, not in the sense in which some future historian will summarize two or three centuries (in which sense they may prove right enough), but as an immediate practical plan of action likely to be carried through in twenty years by Socialist societies holding completely and disdainfully aloof from ordinary politics. In short, they were romantic amateurs, and, as such, were enormously encouraged and flattered when Marx and Engels insisted on the “scientific” character of their movement in contrast to the “Utopian” Socialism of Owen, Fourier, St Simon, and the men of the 1820–48 phase. When the events of 1871 in Paris tested them practically, their hopeless public incapacity forced their opponents to exterminate them in the most appalling massacre of modern times—all the more ghastly because it was a massacre of the innocents.

Public opinion in Europe was reconciled to the massacre by the usual process of slandering the victims. Now had Europe been politically educated no slanders would have been necessary; for even had it been humanly possible that all the Federals mown down with mitrailleuses in Paris were incendiaries and assassins, it would still have been questionable whether indiscriminate massacre is the right way to deal with incendiaries and assassins. But there can be no question as to what must be done with totally incompetent governors. The one thing that is politically certain nowadays is that if a body of men upset the existing government of a modern State without sufficient knowledge and capacity to continue the necessary and honest part of its work, and if, being unable to do that work themselves, they will not let anyone else do it either, their extermination becomes a matter of im-

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mediate necessity. It will avail them nothing that they aim higher than their fathers did; that their intentions are good, their action personally disinterested, and their opponents selfish and venal routineers who would themselves be equally at a loss if they had to create a new order instead of merely pulling the wires of an old one. Anyone who looks at the portraits of the members of the Paris Commune can see at a glance that they compared very favorably in all the external signs of amiability and refinement with any governing body then or now in power in Europe. But they could not manage the business they took upon themselves; and Thiers could. Marx's demonstration that they were heroes and martyrs and that Thiers and his allies were rascals did not help in the least, though it was undeniably the ablest document in the conflict of moral claptrap that obscured the real issues—so able indeed as a piece of literature, that more than thirty years after its publication it struck down the Marquis de Gallifet as if it had appeared in the *Temps* or *Débats* of the day before. It was amiable of the Federals to be so much less capable of exterminating Thiers than he was of exterminating them; but sentimental amiability is not by itself a qualification for administering great modern States.

Now the Fabian Society, born in 1884, and reaching the age of discretion in less than two years, had no mind to be exterminated. Martyrdom was described by one of us as "the only way in which a man can become famous without ability." Further, we had no illusions as to the treatment we should receive if, like the Paris Federals, we terrified the property classes before they were disabled by a long series of minor engagements. In Paris in 1871, ordinary sane people hid themselves in their houses for weeks under the impression that the streets were not safe: they did not venture out until they ran a serious risk of being shot at sight by their own partisans in the orgy of murder and cruelty that followed the discovery that the Commune could fight only as a rat fights in a corner. Human nature has not changed since then. In 1906 a Fabian essayist stood one May morning in the Rue de Rivoli, and found himself almost the only soul in the west end

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of Paris who dared appear there. The cultured inhabitants of that select quarter were hiding in their houses as before, with their larders full of hams and their baths full of live fish to provision them for a siege. There was much less danger of a revolution that day than there is of Primrose Hill becoming an active volcano at six o'clock this evening; and the purpose of the Government and its party newspapers in manufacturing the scare to frighten the bourgeoisie into supporting them at the general election just then beginning was obvious, one would have thought, to the dimmest political perspicacity. In the evening that same essayist, in the Place de la Révolution, saw a crowd of sightseers assembled to witness the promised insurrection, and the troops and the police assembled to save society from it. It was very like Trafalgar Square in 1887, when the same violent farce was enacted in London. Occasionally the troops rode down some of the sightseers and the police arrested some of them. Enough persons lost their temper to make a few feeble attempts at riot, and to supply arrests for the morning papers. Next day Society, saved, came out of its hiding places; sold the fish from its baths and the hams from its larders at a sacrifice (the weather being very hot and the hams in questionable condition); and voted gratefully for the government that had frightened it out of its senses with an imaginary revolution and a ridiculous "complot." England laughed at the Parisians (though plenty of English visitors had left Paris to avoid the threatened Reign of Terror); yet in the very next month our own propertied classes in Cairo, terrified by the Nationalist movement in Egypt, fell into a paroxysm of cowardice and cruelty, and committed the Den-shawai atrocity, compared to which the massacre of Glencoe was a trifle. The credulity which allows itself to be persuaded by reiteration of the pious word Progress that we live in a gentler age than our fathers, and that the worst extremities of terror and vengeance are less to be apprehended from our newly enriched automobilist classes than they were from the aristocracies of the older orders, is not a Fabian characteristic. The Fabian knows that property does not hesitate to shoot, and that now, as always,

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the unsuccessful revolutionist may expect calumny, perjury, cruelty, judicial and military massacre without mercy. And the Fabian does not intend to get thus handled if he can help it. If there is to be any shooting, he intends to be at the State end of the gun. And he knows that it will take him a good many years to get there. Still, he thinks he sees his way—or rather the rest of his way; for he is already well on the road.

It was in 1885 that the Fabian Society, amid the jeers of the catastrophists, turned its back on the barricades and made up its mind to turn heroic defeat into prosaic success. We set ourselves two definite tasks: first, to provide a parliamentary program for a Prime Minister converted to Socialism as Peel was converted to Free Trade; and second, to make it as easy and matter-of-course for the ordinary respectable Englishman to be a Socialist as to be a Liberal or a Conservative.

These tasks we have accomplished, to the great disgust of our more romantic comrades. Nobody now conceives Socialism as a destructive insurrection ending, if successful, in millennial absurdities. Membership of the Fabian Society, though it involves an express avowal of Socialism, excites no more comment than membership of the Society of Friends, or even of the Church of England. Incidentally, Labor has been organized as a separate political interest in the House of Commons, with the result that in the very next Budget it was confessed for the first time that there are unearned as well as earned incomes in the country: an admission which, if not a surrender of the Capitalist citadel to Socialism, is at all events letting down the drawbridge; for Socialism, on its aggressive side, is, and always has been, an attack on idleness. The resolution to make an end of private property is gathering force every day: people are beginning to learn the difference between a man's property in his walking stick, which is strictly limited by the public condition that he shall not use it to break his neighbor's head or extort money with menaces, and those private rights of property which enable the idle to levy an enormous tribute, amounting at present to no less than £630,000,000 a year, on the earnings of the rest of the

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community. The old attempt to confuse the issue by asserting that the existence of the family, religion, marriage, etc., etc., are inextricably bound up with the toleration of senseless social theft no longer imposes on anyone: after a whole year of unexampled exploitation of this particular variety of obscene vituperation by the most widely read cheap newspapers in London, no Socialist is a penny the worse for it.

The only really effective weapon of the press against Socialism is silence. Even Bishops cannot get reported when they advocate Socialism and tear to pieces the old pretence that political economy, science, and religion are in favor of our existing industrial system. Socialist speakers now find audiences so readily that, even with comparatively high charges for admission, large halls can be filled to hear them without resorting to the usual channels of advertisement. Their speeches are crammed with facts and figures and irresistible appeals to the daily experience and money troubles of the unfortunate ratepayers and rentpayers who are too harassed by money worries to care about official party politics; but not a word of these is allowed to leak through to the public through the ordinary channels of newspaper reporting. However, the conspiracy of silence has its uses to us. We have converted the people who have actually heard us. The others, having no news of our operations, have left us unmolested until our movement has secured its grip of the public. Now that the alarm has at last been given, nobody, it seems, is left in the camp of our enemies except the ignorant, the politically imbecile, the corruptly interested, and the retinue of broken, drunken, reckless mercenaries who are always ready to undertake a campaign of slander against the opponents of any vested interest which has a bountiful secret service fund. This may seem a strong thing to say; but it is impossible not to be struck by the feebleness and baseness of the opposition to Socialism today as compared with the opposition of twenty years ago. In the days when Herbert Spencer's brightest pupils, from Mrs Sidney Webb to Grant Allen, turned from him to the Socialism in which he could see nothing but "the coming slavery," we could respect him

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whilst confuting him. Today we neither respect our opponents nor confute them. We simply, like Mrs Stetson Gillman's prejudice slayer, "walk through them as if they were not there."

Still, we do not affect to underrate the huge public danger of a press which is necessarily in the hands of the very people whose idleness and extravagance keep the nation poor and miserable in spite of its immense resources. It costs quarter of a million to start a London daily paper with any chance of success; and every man who writes for it risks his livelihood every time he pens a word that threatens the incomes of the proprietors and their class. The quantity of snobbish and anti-social public opinion thus manufactured is formidable; and a new sort of crime—the incitement by newspapers of mobs to outrage and even murder—hitherto tried only on religious impostors, is beginning to be applied to politics. The result is likely to be another illustration of the impossibility of combining individual freedom with economic slavery. We have had to throw freedom of contract to the winds to save the working classes from extermination as a result of "free" contracts between penniless fathers of starving families and rich employers. Freedom of the press is hardly less illusory when the press belongs to the slave owners of the nation, and not a single journalist is really free. We think it well therefore at this moment to warn our readers not to measure the extent of our operations or our influence, much less the strength of our case, by what they read of us in the papers. The taste for spending one's life in drudgery and never-ending pecuniary anxiety solely in order that certain idle and possibly vicious people may fleece you for their own amusement, is not so widespread as the papers would have us think. Even that timidest of Conservatives, the middle class man with less than £500 a year (sometimes less than £100) is beginning to ask himself why his son should go, half-educated, to a clerks' desk at fifteen, to enable another man's son to go to a university and complete an education of which, as a hereditary idler, he does not intend to make use. To tell him that such self-questioning is a grave symptom of Free Love and Atheism may terrify him; but it does not con-

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vince. And the evolution of Socialism from the Red sceptre on the barricade, with community of wives (all *pétroleuses*), and Compulsory Atheism, to the Fabian Society and the Christian Social Union, constitutional, respectable, even official, eminent, and titled, is every day allaying his dread of it and increasing his scepticism as to the inevitability of the ever more and more dreaded knock of the ground landlord's agent and the rate collector.

Now, as everyone knows, the course of evolution, in Socialism or anything else, does not involve the transformation of the earlier forms into the later. The earlier forms persist side by side with the later until they are either deliberately exterminated by them or put out of countenance so completely that they lose the heart to get born. This is what has happened in the evolution of Fabian Socialism. Fabian Socialism has not exterminated the earlier types; and though it has put them so much out of countenance that they no longer breed freely, still there they are still, preaching, collecting subscriptions, and repulsing from Socialism many worthy citizens who are quite prepared to go as far, and farther, than the Fabian Society. Occasionally they manage even to contest a parliamentary seat in the name of Socialism, and to reassure the Capitalist parties by coming out at the foot of the poll with fewer votes than one would have thought possible for any human candidate, were he even a flat-earth-man, in these days when everyone can find a following of some sort. More often, however, they settle down into politically negligible sects, with a place of weekly meeting in which they preach to one another every week, except in the summer months, when they carry the red flag into the open air and denounce society as it passes or loiters to listen. Now far be it from us to repudiate these comrades. If a man has been brought to conviction of sin by the Countess of Huntingdon's Connection, and subsequently enters the Church and becomes an Archbishop, he will always have sufficient tenderness for the Connection to refrain from attacking it, and to remember that many of its members are better Christians and better men than the more worldly-wise

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pillars of the Church. The principal leaders of the Fabian movement are in the same position with regard to many little societies locally known as "the Socialists." We know that their worship of Marx (of whose works they are for the most part ignorant, and of whose views they are intellectually incapable) and their repetition of shibboleths about the Class War and the socialization of all the means of production, distribution, and exchange have no more application to practical politics than the Calvinistic covenants which so worried Cromwell when he, too, tried to reconcile his sectarian creed with the practical exigencies of government and administration. We know also, and are compelled on occasion to say bluntly out, that these little sects are ignorant and incapable in public affairs; that in many cases their assumption of an extreme position is an excuse for doing nothing under cover of demanding the impossible; and that their inability to initiate any practical action when they do by chance get represented on public bodies often leads to their simply voting steadily for our opponents by way of protest against what they consider the compromising opportunism of the Fabians. There are moments when they become so intolerable a nuisance to the main body of the movement that we are sorely tempted to excommunicate them formally, and warn the public that they represent nobody but their silly selves. But such a declaration, though it would be perfectly true as far as political and administrative action is concerned, would be misleading on the whole. In England, everyone begins by being absurdly ignorant of public life and inept at public action. Just as the Conservative and Liberal Parties are recruited at Primrose League meetings and Liberal and Radical demonstrations at which hardly one word of sense or truth is uttered, but at which nevertheless the novice finds himself in a sympathetic atmosphere, so even the Fabian Society consists largely of Socialists who sowed their wild oats in one or other of these little sects of Impossibilists. Therefore we not only suffer them as gladly as human nature allows, but give them what help and countenance we can when we can do so without specifically endorsing their blunders. Fortunately the immense additions

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which have been made to the machinery of democracy in England in the last twenty years, from the County Councils of 1888 to the education authorities of 1902, have acted as schools of public life to thousands of men of small means who in the old days must have remained *Impossibilists* from want of public experience. One hour on a responsible committee of a local authority which has to provide for some public want and spend some public money, were it but half-a-crown, will cure any sensible man of *Impossibilism* for the rest of his life. And such cures are taking place every day, and converting futile enthusiasts into useful Fabians.

A word as to this book. It is not a new edition of *Fabian Essays*. They are reprinted exactly as they appeared in 1889, nothing being changed but the price. No other course was possible. When the essays were written, the Essayists were in their thirties: they are now in their fifties, except the one, William Clarke, who is in his grave. We were then regarded as young desperadoes who had sacrificed their chances in life by committing themselves publicly to Socialism: we are now quoted as illustrations of the new theory that Socialists, like Quakers, prosper in this world. It is a dangerous theory; for Socialism, like all religions and all isms, can turn weak heads as well as inspire and employ strong ones; but we, at all events, have been fortunate enough to have had our claim to public attention admitted in the nineteen years which have elapsed since our youthful escapade as *Fabian Essayists*.

It goes without saying that in our present position, and with the experience we have gained, we should produce a very different book if the work were to be done anew. We should not waste our time in killing dead horses, however vigorously they were kicking in 1889. We should certainly be much more careful not to give countenance to the notion that the unemployed can be set to work to inaugurate Socialism; though it remains true that the problem of the unemployed, from the moment when we cease to abandon them callously to their misery or soothe our consciences foolishly by buying them off with alms, will force us to organize them, provide for them, and train them; but the very first condition of success in this will be the abandonment of the old idea

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that the unemployed tailor can be set to make clothes for the unemployed bootmaker and the unemployed bootmaker to make boots for the unemployed tailor, the real difficulty being, not a scarcity of clothes and boots, but a stupid misdistribution of the money to buy them. We should also probably lay more stress on human volition and less on economic pressure and historic evolution as making for Socialism. We should, in short, give the dry practice of our solutions of social problems instead of the inspiration and theory of them. But we should also produce a volume which, though it might appeal more than the present one to administrative experts, to bankers, lawyers, and constructive statesmen, would have much less charm for the young, and for the ordinary citizen who is in these matters an amateur.

Besides, the difference between the view of the young and the elderly is not necessarily a difference between wrong and right. The Tennysonian process of making stepping stones of our dead selves to higher things is pious in intention, but it sometimes leads downstairs instead of up. When Herbert Spencer in his later days expunged from his *Social Statics* the irresistible arguments for Land Nationalization by which he anticipated Henry George, we could not admit that the old Spencer had any right to do this violence to the young Spencer, or was less bound either to confute his position or admit it than if the two had been strangers to one another. Having had this lesson, we do not feel free to alter even those passages which no longer represent our latest conclusions. Fortunately, in the main we have nothing to withdraw, nothing to regret, nothing to apologize for, and much to be proud of. So we leave our book as it first came into the world, merely writing "*Errors Excepted*" as solicitors do: that is, with the firm conviction that the errors, if they exist at all, do not greatly matter.

G. BERNARD SHAW.

*21st May 1908.*

FABIAN ESSAYS FORTY YEARS LATER  
WHAT THEY OVERLOOKED



# FABIAN ESSAYS FORTY YEARS LATER

## WHAT THEY OVERLOOKED

(*Preface to the 1931 Reprint*)

THIS set of essays is apparently inextinguishable. When it had very unexpectedly attained the age of twenty years, I, the original editor, had to provide it with a fresh preface. Ten years passed; and it was still in steady demand. Sidney Webb (now Lord Passfield) had to provide a preface for its thirtieth anniversary. That, we supposed, must see it through; but no: its fortieth birthday is now reached and passed; and I, somewhat surprised to find myself alive, am called on to write my third preface to it.

I will not pretend that this longevity is a matter for jubilation. Everything that is contained in the essays should by this time have become part of the common education of every citizen. But our common education is centuries out of date; and generations of Britons still crowd in on us with a laboriously inculcated stock of ideas of which half belong to the courts of the Plantagenets and the other half to the coffee houses under Queen Anne. This huge mass of obsolescence rolls back like the stone of Sisyphus on every attempt to advance thought and weed out ignorance. We the Fabian essayists, who made such an attempt, and brought many of the Intelligentsia of our own generation up to date in economic sociology, are facing a new generation with Queen Anne and Henry VI still in possession, and the stage of Socialist thought which we have ourselves outgrown still so far ahead of our youngest contemporaries that not only our essays but Henry George's ten-years-older *Progress and Poverty* are still selling steadily.

Yet there is an air of amazing advance in our political circumstances. As I write, a Fabian Socialist is Prime Minister of Britain. Two of our essayists are in the House of Lords: one of them a Cabinet minister and the other an ex-Cabinet minister. Parliament swarms with Fabians and members of Socialist

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Societies for which the Fabian Society is not extreme enough. Fabianism is now often spoken of as an out-moded economic pedantry to which a few dotards cling under the impression that they are still young pioneers. Socialist Cabinets, Socialist Presidents, Socialist Dictators are all over Europe piecing together the ruins of the empires. The largest country with a settled government in Europe is now a Communist country in which persons with the Queen Anne-Plantagenet mentality find it harder to live than Jesuits did in England under Elizabeth. Even in the British Isles, where the pupils of King Henry the Sixth's school are still in the ascendant, annual confiscation of the incomes of the capitalists on a scale rising to fifty per cent, and periodical raids on their capital on a similar scale by death duties, with immediate redistribution among the proletariat of much of it not only in kind but in hard cash, is taken as a matter of course.

Our airs of democratic advance are equally imposing. When the first Fabian essays were new the continent of Europe could shew only two republics (or three, if we count the toy republic of San Marino) as against four empires and eleven kingdoms. Today the four empires have disappeared and been replaced by republics. There are still twelve kingdoms left, including Iceland and Albania; but there are sixteen republics outnumbering them in population by 11 to 4. Over 300 millions of people have passed from monarchical to republican rule. Divine right is never mentioned: the sovereignty of the people is admitted everywhere, either by adult suffrage or by express declaration in the new constitutions. On paper at least Democracy is in the saddle and rides mankind.

If all this change were part of a developing Socialism it would be a matter for rejoicing. But being as it is an attempt to gain the benefits of Socialism under Capitalism and at its expense: a policy which has for its real slogan "What a thief stole steal thou from the thief," there is more threat of bankruptcy in it than promise of the millennium. When, as at present, the work of organizing civilization outgrows the scope and capacity of private adventurers and their personal interests, the first symptom of excessive strain

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is an abnormal increase of unemployment accompanied by reconstructions and amalgamations of commercial businesses, and appeals by them for State help: all of them desperate efforts to make private enterprise meet social needs which are more and more transcending its possibilities. When the number of unemployed runs into millions, and they consist to a considerable extent of demobilized soldiers who have learned in a war of unprecedented frightfulness to hold human life cheap, the unemployed become, in fact, an army living on the country.

In such straits, which have occurred before in the history of previous civilizations, Capitalism always tries to buy off those whom it cannot employ and no longer dares leave to starve. Unemployment thus becomes a recognized means of livelihood for the proletariat. As I write, there are young men in the prime of early manhood who have never worked, and proletarian children who have never seen their parents work. If two or three unemployed share the same house they can live "on the dole" quite comfortably according to their own standards of comfort by blackmailing Capitalism until it consents to share its social plunder with them. If the combinations of two or three become combinations of two or three hundreds or even thousands, as they will if the dole system attains a reputation for permanence, the Ritz Hostels of the unemployed will put to shame the humble dwellings of those for whom the Labor Exchanges can still find jobs. Members of seasonal trades now draw the dole through the off-season for which the on-season formerly provided. This state of things is clearly the "bread and circuses" of the ancient Roman proletariat over again; and the parallel will soon be more exact; for since our police have urged the opening of the cinemas on Sunday because they keep the streets empty and orderly, State-provided cinemas are quite likely to be instituted as a means of preventing riots of the unemployed. That must end as the Roman Empire ended, in bankruptcy.

It is not sufficiently realized, and is not made clear in these essays, that the Capitalist system is quite as Utopian, quite as artificial, quite as much a paper system founded on essays and

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treatises by clever idealist writers, as Socialism. Its elaborately worked out theory was that the solution of the great problem of how to keep our huge population alive in response to their necessary first prayer "Give us this day our daily bread" is to make the material sources of production private property, enforce all voluntary contracts made under this condition, keep the peace between citizen and citizen, and leave the rest to the operation of individual self-interest. This, it was claimed, would guarantee to every worker a subsistence wage whilst providing a rich leisured class with the means of upholding culture, and saturating them with money enough to enable them to save and invest capital without personal privation.

The theory worked wonderfully in the sphere of production and trade. It built up our factory system, our power machinery, our means of transport and communication, which have made the world a new world in which the iron Duke of Wellington would be as lost as Julius Caesar. It has produced financial combinations which could buy up the England of Queen Anne as easily as Queen Anne could have bought up a shipyard. It keeps us amused and hopeful and credulous by miracle after miracle just as the Churches and creeds used to, except that the miracles are more authentic and can be performed by every cottager who can afford a pound for a wireless set, or a couple of pennies to drop into the slot in a telephone kiosk. And it has increased the possibilities of private income to a point at which kings are now relatively poor men.

Unfortunately these unprecedented achievements in production and finance have been accompanied by a failure in distribution so grotesquely inequitable and socially disastrous that its continuance is out of the question. Desperate attempts are being made everywhere by redistributive taxation, State regulation of wages, and factory legislation, to remedy or at least palliate it, within the limits of the Capitalist system. But redistributive taxation within Capitalist limits means dole for idleness instead of wages for productive work; and regulation of wages and factories does not help the unemployed.

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Distribution, it must be remembered, is not only distribution of material product, but of work and leisure. If modern methods of production enable a single machine tender to turn out more product in a day than an eighteenth-century worker in the same trade, without a machine, turned out in a year, there is a gain in leisure, realizable by a reduction in working hours, of 300 per cent or thereabouts. If this and all cognate gains in leisure were equally distributed the result would be a steady reduction in the hours of labor and a steady increase in the hours of individual liberty. But there is an alternative to this. It is just as possible to keep the workers working as long as before, or longer, and to increase the number or the luxury, or both, of the leisured rich. Now this is precisely what the Capitalist system does, and even aims at doing. And in its present stage, when it is adding an army of unemployed to the leisured rich, and thus burning the candle at both ends, the reform of distribution has become a matter of life and death to civilization.

No other remedy than the transformation of Capitalistic society into Socialistic society has so far been able to stand examination. The Fabian Society, founded to advocate that transformation, and to work out its political implications, is as much needed as ever.

The distinctive mark of the Fabian Society among the rival bodies of Socialists with which it came in conflict in its early days, was its resolute constitutionalism. When the greatest Socialist of that day, the poet and craftsman William Morris, told the workers that there was no hope for them save in revolution, we said that if that were true there was no hope at all for them, and urged them to save themselves through parliament, the municipalities, and the franchise. Without, perhaps, quite converting Morris, we convinced him that things would probably go our way. It is not so certain today as it seemed in the eighties that Morris was not right. A European convulsion, of such extraordinary and sanguinary violence that all revolutions of which we have any record seem trifles in comparison, has changed the world more in four years than Fabian constitutional action seem likely to do in four

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hundred. A staggering shock to constitutionalism has come from the settlement of the Irish question by crude force. Thirty years of constitutional agitation and parliamentary work had ended in the passing of a Home Rule Act. The Act was repudiated by its opponents, who armed themselves to resist it, and were seconded by a threat of mutiny from several army officers on service in Ireland. The Prime Minister assured the rebels that they would not be coerced; and their importation of arms was winked at by the authorities whilst similar operations by the Irish Nationalists were attacked by the forces of the Crown. Finally the Act was suspended: and the Irish question was settled by a savage campaign of incendiarism and murder of which the Irish, having the common people on their side, gave the English garrison the worse, thus producing a situation in which England had either to concede self-government to Ireland or engage in a sanguinary reconquest which public opinion would not support either in England or America. This very sensational object lesson, coming on top of the demonstration by the war that a British Government, when stimulated by a bayonet at its throat (a German one in this instance; but English steel is equally effective), could perform with precipitous celerity and the most satisfactory success all the feats of national organization it had declared impossible and Utopian when they were pressed on it by nothing sharper than the arguments of the Fabians and the votes of the Socialists in the country, greatly weakened the position of Constitutionalists and strengthened that of Militarist Terrorists in all parties and countries.

Besides, there was the Russian revolution of 1917. The attempt at Liberal constitutional parliamentarism which followed had almost instantly broken down and been swept away and replaced by a ruthless dictatorship of men of action who were also doctrinaire Marxians. These were very soon convinced by their opponents that the establishment of Socialism must be effected not by discussion and vote, but by those who actively desired it killing those who actively objected to it. Which they accordingly proceeded to do, and be done by, with terrific energy. And, far from

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alienating popular sympathy, they found the country rising to this sort of leadership with such enthusiasm that the Bolsheviks, beginning in an apparently hopeless condition of military inferiority as a mob with a casual equipment of pistols opposed by disciplined troops with full munitions provided largely by British money, succeeded in raising a Red Army which achieved the impossible by completely reversing the situation and driving the reactionary White armies out of the field in irretrievable defeat.

At the same time Signor Mussolini, banking on his belief that the people, out of all patience with the delays, obstructions, evasions, and hypocrisies of endlessly talking *fainéant* Parliaments, wanted not liberty (which he described boldly as a putrefying corpse) but hard work, hard discipline, and positive and rapid State activity: in short, real government, threw Constitutionalism to the winds, and became at once an acknowledged and irresistible dictator. Similar *coups d' État* followed in Spain, in Jugo-Slavia, in Poland, and in Hungary, all proving that the old Liberal parliamentary systems, which had grown up in opposition to monarchical autocracy, and had brought to perfection the art of paralyzing State enterprise under cover of preserving popular liberties, were falling into disillusioned contempt, and could be suspended or abolished without finding a single effective defender. The transfer of over three hundred million people from monarchical to republican rule resulted in a transfer of nearly two hundred and sixty millions from constitutional parliamentary rule to dictatorial despotism after a brief test by Trial and Error. Nobody wanted despotism as such; but the alternative would not work.

But dictatorships, like proclamations of martial law, are emergency measures; and they are subject to the standard objection to martial law that it is no law at all. When a nation's affairs drift into a hopeless mess some strongminded person seizes it by the scruff of the neck and bullies it into order when it has suffered so much from disorder that it is only too glad to be taken in hand and drilled, however autocratically. The effort usually exhausts

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the dictator; but even when it does not he finds that he cannot be everywhere and superintend the doing of everything like the chief of a small tribe: he must have a Constitution. It may be an electoral constitution or a dictatorial constitution with delegate dictators all over the place; but a constitution there must be; for autocratic one-man government of a modern State is physically impossible. What is more, it must be a positive constitution and not a negative one. That is, its object must be to enable the Government to control and even undertake every kind of business effectively and rapidly, and not, like our present British constitution, to obstruct, disable, and defeat every effort of the Government to go beyond police work, military defence, and diplomacy.

And here precisely is the rock which threatens to wreck the constitutionalism of the old Fabians. They have lived to see their political plans carried out with a success beyond all their reasonable hopes. The parliamentary Labor Party for which they bargained has been formed, and has already held office twice. The Treasury Bench has been filled with Socialists. Yet as far as Socialism is concerned it might as well have been filled by Conservative bankers and baronets. No industry has been nationalized; and the unemployed are bought off by doles in the disastrous old Roman fashion. The party System, under which "it is the business of the Opposition to oppose," still obstructs so effectively that bills to which nobody objects, and which could be disposed of in half an hour, take up as many months as really contentious measures. Fundamental changes are impossible: only the tinkerings necessary to prevent the State machine from jamming and stopping are introduced and pushed through by mere force of circumstances. Labor Governments, like other governments, end in disappointment and reaction with their millennial promises unfulfilled; whilst the revolutionary Left and the Fascist Right are supplied with daily evidence as to the futility of parliamentary action at home, and the swift effectiveness of hard knocks abroad..

Such being the very dangerous situation, the Fabian Society

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finds itself confronted with a task not contemplated in these essays. It must devise new instruments of government, designed, not to check governmental activity and neutralize the royal prerogative like our present instruments, but to organize and make effective the sovereignty of the community, and limit the usurped prerogative of private plutocratic interests. Until this is done all talk of reaching Socialism along constitutional paths is idle. The present paths simply do not lead there. They lead nowhere; and when people find themselves there they resort either to revolution or dictatorship.

Under such circumstances our old Plan of Campaign for Labor, which has now been carried out only to land us in a no-thoroughfare, must be replaced by a new plan for the political reconstitution of British Society, eligible also as a model for the reconstitution of all modern societies. Sidney and Beatrice Webb came to the rescue in 1920 with their volume entitled *A Constitution for the Socialist Commonwealth of Great Britain*; but unfortunately they came too soon (the penalty of foresight); for the great industrial crash that followed the illusory boom after the war did not occur until a year later; and a whole decade passed before it began to dawn on the commercial and political world that anything worse was in question than the usual ephemeral moment of depression, to be followed by the usual revival of trade. Nor, in 1920, had the dictatorships come, nor any apprehensions of them, except in Russia, which did not count in England, as the Government and the Press insanely persisted in treating the Russian Revolution—a most beneficent event in spite of the incidental horrors which attend all too long delayed revolutions—as a mere outburst of national crime which would presently be policed out of existence as the French Revolution, concerning which we made the same silly mistake, was supposed to have been policed on the field of Waterloo. At all events the Webb proposals made no perceptible impression on public opinion. The emergency was not grasped. The parliamentary leaders of the Labor Party, though baffled in their legislative plans, and worried by the murmurs of women impatient for

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practicality and back benchers rebelling against the waste of their time as mere chorus men (especially those who had served their apprenticeship to public work as municipal councillors), had no leisure for constitution making. At last the Fabian Society, pressed by Beatrice Webb, devoted one of its annual series of public lectures at Kingsway Hall to the subject in 1930, her own contribution being published by the Society as *A Reform Bill for 1932*. It is proposed to follow this by a second set of Fabian Essays on the constitutional machinery required for Socialism.

To that volume readers must be referred for a detailed statement and explanation of the necessary changes. Two main features may be cursorily indicated here. First, The Party System must be scrapped ruthlessly. This ingenious device for disabling Parliament is very little understood. To most people, even to professional politicians, the words Party System mean nothing more than the inevitable division of any representative body into a conservative side and a progressive side, competing with one another for the direction of public affairs. As this tendency is an effect of human nature, and as one of our superstitions is that human nature cannot be changed (although changeability is one of the recognized qualities of human nature) proposals to drop The Party System are usually dismissed without examination as Utopian attempts to get rid of political parties. It must therefore be explained that The Party System, forced on William III at the end of the seventeenth century to secure the support of Parliament for his war against Louis XIV; vigorously repudiated by Queen Anne; but finally established during the eighteenth century as our normal constitutional method of parliamentary Government, means simply the practice of selecting the members of the Government from one party only, that party being the one which commands a majority of votes in the House of Commons, with its inevitable corollary that an adverse vote of the House on any Government measure obliges the Government to resign and "appeal to the country" by a general election.

The effect of this system is that measures brought before the House by the Government are never voted on their merits but

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solely on the question whether the Government shall remain in office or not, and whether all the members of the House shall be put to the expense and trouble of an immediate election at which their seats will be at stake. Cross-voting by members of independent character according to their conviction, information, or caprice, which made it impossible for William III to foresee from session to session whether the House of Commons would vote him supplies for his continental warfare, is eliminated: indeed such characters are eliminated from parliament, as only candidates with a party label, pledged to vote for their party right or wrong, have more than the slenderest chance of being elected. Experience soon proved what Queen Anne's blunt common sense foresaw: that the System strengthens the hands of the Prime Minister and his Cabinet as much as it was at first intended to strengthen the hands of the King, though at the cost of spoiling the quality of the Government by restricting the King's choice of capable ministers; reducing their supporters to the rank of operatic choristers; and making all Governments factious and lop-sided.

This system was never introduced in the municipalities. In them the corporation or council is elected for a fixed period during which there can be no appeal to the electorate. Business is conducted, not by a single Cabinet drawn from one party only, but by a string of committees on which all parties are represented, each dealing with its own special branch of public work. These committees, working independently, submit their measures to the general body of members, who vote on them quite freely, as nothing whatever is at stake except the measure itself, a rejection of it involving neither change of government nor general election. Obstruction, or opposition for the sake of opposition, which means an absolutely uncritical insincere opposition and thus destroys the whole value of opposition in parliament, cannot occur: the conflict between the conservative and progressive temperaments is natural and honest: the Conservative is not, as in the House of Commons, repeatedly obliged to vote against advances of which he approves nor the Progressive for changes

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which he believes to be mistakes. The practical result is that the municipalities get through their work without excessive attendance at the Town Hall, whilst the House of Commons, sitting all day and sometimes all night, is hopelessly unable to keep abreast of its business, and finds that its overworked ministers have no control of the departments they are nominally responsible for, and often no real knowledge of the work done by them, the effective Government being really the bureaucracy or permanent Civil Service, which is unaffected by the Party System.

Hence the demand for the abolition of The Party System and a return to the older municipal system for all governing bodies.

The second main change needed is an adequate division of labor and specialization of function among our rulers. At present Cabinets of about twenty persons (complained of as being too numerous) assisted by a couple of dozen under secretaries, are expected to deal with a body of work which ranges from the widest and weightiest problems of world policy, finance, and constitutional legislation to the most trumpery details of the farmyard and the workshop. What is called devolution, or the delegation of the less comprehensive work to the urban and district local authorities, is baffled by the retention of our old local boundaries, which have been long since obliterated by the growth of villages into towns and the coalescence of towns into vast urban districts, accompanied by a development of inter-communication by motor traffic, air traffic, telephone, and wireless which reduces even the "regional" proposals of twenty years ago to absurdity. It is not now a question of regional councils but of additional central parliaments, with "home rule" for England and Scotland.

These constitutional reforms are, in relation to the ultimate aims of the Fabian Society, only means, not ends. That is why they have been excluded from this volume and made the subject of a new and more ephemeral series of Fabian Essays. Readers of the older series must be content for the moment with this hint that the ocean of Socialism cannot be poured into the pint pot of a nineteenth century parliament, and that a persistent attempt

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to do it must inevitably result, as it has already resulted for the majority of the European continental population, in personal dictatorships which, though they may save the situation for the moment, are as mortal as the men they have raised to power or shot out of it, and must, if civilization is to be preserved, be succeeded by effective modern constitutions and governments which really govern instead of helplessly taking their orders, as ours do, from unofficial, irresponsible, and practically secret dictatorships of private industrialists and financiers.

G. BERNARD SHAW.

1930.



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